



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



CITY OF EATON  
PREBLE COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Eaton  
Preble County  
328 North Maple Street  
Eaton, Ohio 45320

To the City Council:

We have audited the financial statements of the City of Eaton, Preble County, Ohio (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated June 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 24, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 24, 2002.

City of Eaton  
Preble County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the Audit Committee, management, and the City Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

June 24, 2002

**CITY OF EATON, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended December 31, 2001**

**Prepared By:**  
**Department of Finance**  
**Leslie H. Renner, Director**





**CITY OF EATON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended December 31, 2001**

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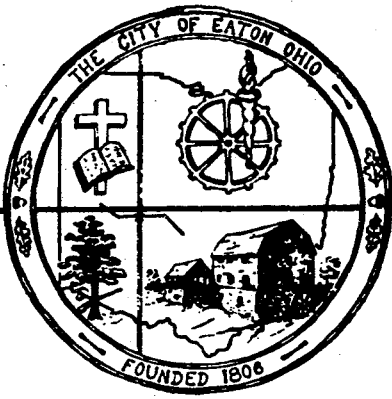
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## **INTRODUCTORY SECTION**

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# City of Eaton

328 N. MAPLE STREET  
P.O. BOX 27  
EATON, OHIO 45320  
TELEPHONE (937) 456-4125

June 24, 2002

Honorable Mayor  
Members of the City Council, and  
Citizens of Eaton, Ohio

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Eaton, Ohio for the fiscal year ended December 31, 2001 is herewith submitted. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the information and data presented in the report is accurate in all material aspects and is illustrated in a manner to fairly reflect the financial position and results of fund operations and account groups of the City for the period covered herein. All disclosures necessary to enable the reader to gain an understanding of the local government's financial activities are included.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eaton, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2000. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Eaton, Ohio has received a Certificate of Achievement for the last fifteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

This comprehensive annual financial report includes all funds and account groups of the municipal government and general information relating to the City and its operations. The report is organized into three major sections as follows:

## **I. Introductory**

This section includes this transmittal letter, an organization chart of the City, a list of principal officials, and general information about the community and an overview of the government's organization and operations.

## **II. Financial**

This section presents the Report of Independent Accountants on the financial statements, the general purpose financial statements, and the combining and individual fund financial statements and schedules.

## **III. Statistical**

This section includes selected financial and demographic information generally on a multi-year basis.

## **THE CITY**

William Bruce, who emigrated from Kentucky in search of desirable lands and a site for his mill, founded Eaton in 1805. He selected a site along Seven Mile Creek because of its potential for water power and platted the town into 233 lots which were recorded on February 20, 1806. The county seat of agriculturally rich Preble County, Eaton was granted the right to incorporate by the state legislature in 1836.

Following the 1960 census, the town attained a population of 5,034 to gain city status. Shortly thereafter, the citizens elected a Charter Commission that proposed the Council/Manager form of government, which was adopted on May 2, 1961.

Eaton has continued its growth and today has a population of approximately 8,133. Located 7 miles south of I-70 and 25 miles west of I-75, Eaton is located near the crossroads of the industrial mid-west. Although Eaton has a small town/farming heritage, it has developed a strong industrial base and houses operations of a number of nationally and internationally known companies such as Parker-Hannifin Corporation, Henny Penny, Neaton Auto Products, and Timkin.

## **GOVERNMENTAL ORGANIZATION**

Operating under the Council/Manager form of government, the legislative authority is vested in a five-member council. Council members are elected at-large on a nonpartisan basis to serve four-year overlapping terms, which provides continuity and stability in policy and legislative matters. Council elects annually from its members a Mayor and Vice-Mayor who serve one-year terms. The Mayor has no special powers but is given certain ceremonial responsibilities and presides at Council meetings. The Vice-Mayor serves these roles in the Mayor's absence. Council's most important functions are to enact laws, establish organizational policy, approve the annual budget, adopt a comprehensive development plan, establish the organizational structure and appoint the City Manager and Finance Director.

The City Manager serves as the chief executive and administrative officer of the City. The Manager is responsible for all operational functions of the City and to advise Council on matters of public policy. Major responsibilities of the office include enforcing all laws and ordinances, preparing the annual budget, appointing and removing most officers and employees of the City and serving as an advisor on all City boards and commissions.

The City Charter establishes certain administrative departments responsible for specific operational functions of the City. The departments may further be divided into divisions each with its own administrative head. These are the Department of Law, Department of Finance, the Department of Public Safety that includes the divisions of Police, Fire and Emergency Medical Services, and the Department of Service with operating divisions of Public Works, Public Maintenance and Building Services. Council may, by ordinance and after



consultation with the City Manager, create additional departments as needed. The departmental divisions are established by the Administrative Code, which provides the detail of the organization of the municipal government, defines the powers and duties of each organizational unit and determines the administrative procedures to be followed. Council can make amendments to and revisions of the Administrative Code after consultation with the City Manager. In addition, Council appoints certain boards and commissions to assist in the operations of specialized functions of the City such as the Planning, Zoning and Building Board, the Parks and Recreation Board, and the Civil Service Commission.

## **REPORTING ENTITY**

Generally accepted accounting principles require that the accompanying basic financial statements present:

- 1) the primary government,
- 2) its component units, and
- 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is an entity for which the government is considered to be financially liable. The City is not a component unit of any other entity and does not have any component units that require inclusion in the basic financial statements.

Mound Hill Union Cemetery is a jointly governed organization established in accordance with Ohio Revised Code Section 759.27 to 759.48 to unite in the establishment and management of a cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The City has no significant influence on operations. This organization does not meet the reporting entity criteria of generally accepted governmental accounting principles and, accordingly, is not included in the accompanying basic financial statements.

## **MUNICIPAL SERVICES**

Eaton provides a full range of municipal services to its residents. The following is a summary of the services provided by each of the City's operating units.

### *DEPARTMENT OF PUBLIC SAFETY*

**Division of Police:** The Division of Police consists of 13 full-time sworn officers, a parking control officer, a data management officer and five radio dispatchers, under the direction of the Chief of Police. The division provides law enforcement related service involving the protection of lives and property within the corporation limits. During 2001, the division responded to 10,324 calls. The five dispatchers received 13,121 public safety calls, of which 1,938, or 14.8%, were received as 911 calls.

**Division of Fire:** The Division of Fire is directed by a full-time Fire Chief who manages 25 part-time firefighters. The division provides fire protection and related services within the City and by contractual agreement to several surrounding townships. During 2001, the division responded to 128 fire calls, 55 accidents with injuries, 6 mutual aid calls, 27 hazardous material incidents and 112 miscellaneous alarm calls. In addition, they performed 178 investigations.

**Division of Emergency Medical Services:** The Eaton Emergency Squad is directed by a full-time Squad Chief who manages 12 paramedics, 15 emergency medical technicians, and one driver, providing vital emergency medical services to the community and surrounding townships. The Emergency Squad operates two mobile intensive care units and provides basic and advanced life support services. During 2001, the Emergency Squad placed over 62,000 miles on its two ambulances in responding to 2,220 calls. These calls resulted in the treatment of 2,248 patients.

#### *DEPARTMENT OF SERVICE*

**Division of Public Works:** The Division of Public Works consists of 10 employees who are responsible for the operation and maintenance of the City's wastewater treatment facility, two water treatment plants and over 90 miles of water and sewer distribution mains. The Division provides water and sewer services to approximately 3,300 residential, commercial and industrial users. In 2001 the City pumped over 519 million gallons of water from its seven operating wells and treated over 550 million gallons of wastewater at its Class IV advanced treatment facility.

**Division of Public Maintenance:** The Division of Public Maintenance includes 13 full-time employees who are principally responsible for the maintenance of the City's 41 miles of roadways, 69 acres of parks and recreational areas and all municipal owned buildings. Principal functional activities include building and equipment maintenance, snow removal, street sweeping, storm sewer maintenance, mowing, street painting, pavement repair and leaf collection.

**Division of Building Services:** The Building Division consists of two full-time employees including a certified building/electrical inspector and a clerk. In addition, the City has contracts for related professional services including back-up inspectors and plan review and examination. The Ohio Board of Building Standards certifies the division, which allows the City to issue permits for commercial and industrial uses and as such has a number of contracts with area jurisdictions. In 2001, the division issued 25 residential new-construction permits with 184 inspections and issued an additional 50 permits for residential additions, which required 113 inspections. There were 32 commercial/industrial permits issued with 118 inspections. A total of 411 miscellaneous permits were issued for garages, sheds, electrical, HVAC, sprinklers, pools, roofing, signs, and demolitions, which required 647 inspections. The division is also responsible for processing zoning certificates and code enforcement.

#### *DEPARTMENT OF FINANCE*

The Department includes the Director and three full-time clerks. One clerk is responsible for payroll processing and accounts payable. Two clerks are responsible for the front service office, maintaining the utility billing system by inputting meter readings and processing monthly service bills. The department also provides support to the City Manager in areas such as insurance administration, budget preparation and reporting. Although the City contracts with another municipality for income tax collections, the Director of Finance serves as the Income Tax Administrator and as Clerk of Council.

#### *DEPARTMENT OF LAW*

The City has an appointed full-time Law Director who serves as legal counsel to the City Manager, Council, local boards and commissions and other administrative officers of the City. The Law Director represents the City in court proceedings and serves as the Prosecutor in Eaton Municipal Court.

## *EATON MUNICIPAL COURT*

Although not under the administrative control of the City Manager, the City does provide administrative services for the Court and it is included in this report as an agency fund.

Court operations are under the direction of an elected Municipal Court Judge who appoints a Clerk of Courts who is responsible for the management of operations. In addition to the Judge and Clerk, the court employs one full-time bailiff, five full-time deputy clerks and five part-time deputy clerks. The court has jurisdiction in misdemeanor criminal cases, the initial stages of felony proceedings, civil actions under \$10,000, trusteeships and traffic violations. During 2001, the court processed 14,721 cases.

## **MAJOR INITIATIVES**

Development progressed within the City during 2001. Platting of existing subdivisions amounted to an addition of 38 residential building lots. Final sections of Whispering Oaks Estates and Stoney Brook as well as the second section of Rolling Hills were accepted. Neaton Auto Products Manufacturing added an 18,000 square foot addition to accommodate a test lab facility. The Council on Aging cut the ribbon on their newly constructed St. Clair Street complex, providing a gathering place for our senior citizens. With extensive cooperation of many agencies and after many years of planning, the Preble County Youth Foundation acquired land on Washington-Jackson Road to construct their new facility, projected to open in 2003.

Other project activities this year included the purchase and demolition of the J.E. Parker Poultry building, installation of sanitary sewer lines in the vicinity of Vancrest Nursing Home, and our customary paving and overlaying of several streets. Improvements to our parks and recreation facilities continued throughout 2001, including an 8" water line into Fort St. Clair and storm sewer lines at the new park on Park Avenue. The sixth severe-weather warning siren was installed, insuring coverage for the entire City.

Major vehicle and equipment purchases during the year included a Chevy Tahoe and Ford Crown Victoria for the Police Division, as well as a 1999 Ford Taurus for use as the Police Chief's vehicle. A one-ton truck and a two-ton dump truck were purchased for the Public Maintenance Division, as well as a mower replacement and a new wood-chipper. A new Chevy Blazer was added to the Building Department and enhancements were made to two Fire Division apparatus.

## **ECONOMIC CONDITIONS AND OUTLOOK**

As of year-end, there had been some reduction to the local job market. The primary cause for this was the closing of the Maxxim plant, the down-sizing of personnel at EPT-Browning in preparation of closing, and the economic recession. Also, Miller's Supermarket closed their doors after many years in business.

This recession of our local economy led to a slight decrease in income tax receipts. Long considered to be a base indicator of local economic conditions, income tax receipts totaled \$2,943,172, a slight 5.2% decline from 2000.

Residential growth was lower this year, with only 25 new home permits issued, compared to 34 in 2000 and 34 in 1999. There are currently five subdivisions at different stages of active development, offering several options of housing for residents.

## FINANCIAL INFORMATION

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

**Financial Assistance:** As a recipient of federal, state and county financial assistance, the government is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by grantors of the government.

**Budgeting Controls:** In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government's governing body. Activities of the general fund, special revenue funds, capital project funds and enterprise funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the organization (i.e., Public Safety, Public Health, Community Development, Transportation, and General Government) level within the general fund and at the fund level for all other budgeted funds. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year-end. Unused encumbrances are carried over to the following year.

As demonstrated by the statements and schedules included in the financial section of this report, the government continues meeting its responsibility for sound financial management.

**General Government Functions:** The following schedule presents a summary of general, special revenue and capital projects funds revenues for the fiscal year ended December 31, 2001 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent of Increase (Decrease)</u>
Property Taxes	\$ 608,408	10.1%	30,955	5.4%
Municipal Income Taxes	3,049,209	50.7%	65,004	2.2%
State Levied Shared Taxes	660,253	11.0%	(174,512)	(20.9)%
Intergovernmental Revenue	254,320	4.2%	(55,387)	(17.9)%
Charges for Services	98,104	1.6%	47,640	94.4%
Licenses and Permits	220,970	3.7%	19,673	9.8%
Investment Income	156,717	2.6%	(62,388)	(28.5)%
Special Assessments	67,415	1.1%	57,022	548.7%
Fees, Fines and Forfeitures	825,475	13.7%	64,618	8.5%
Other Revenue	<u>78,046</u>	<u>1.3%</u>	<u>36,626</u>	<u>88.4%</u>
Total	\$ <u>6,018,917</u>	<u>100.0%</u>	<u>29,251</u>	<u>0.5%</u>

Reasons for significant changes in revenue are:

State Levied Shared Taxes: Inheritance tax decrease of \$185,500.

Intergovernmental Revenue: The City received Issue II funds of \$116,640 in 2000. CDBG funds were \$32,862 higher in 2001; emergency medical contracts with townships were higher in 2001 by \$23,000.

Charges for Services: The City received \$29,760 in cable franchise fees; swimming pool receipts were up \$17,550.

Investment Income: Economic downturn in interest rates.

Special Assessments: Began collection of "Downtown Renovation" assessments.

Other Revenue: Refund from Bureau of Worker's Comp for \$17,500; increase in donations of \$14,750 for special events at Fort St. Clair.

The following schedule presents a summary of general, special revenue, and capital projects fund expenditures for the fiscal year ended December 31, 2001 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2000</u>	<u>Percent of Increase (Decrease)</u>
Current:				
General Government	\$ 1,471,988	27.9%	134,014	10.0%
Public Safety	1,767,507	33.5%	19,034	1.1%
Public Health	139,717	2.7%	9,313	7.1%
Transportation	481,053	9.1%	5,994	1.3%
Community Development	147,659	2.8%	4,922	3.4%
Culture and Recreation	157,287	3.0%	(12,124)	(7.2)%
Capital Outlay	1,072,541	20.3%	(383,748)	(26.4)%
Debt Service:				
Debt Service – Principal	<u>37,500</u>	<u>0.7%</u>	<u>18,750</u>	<u>100.0%</u>
Total	\$ <u>5,275,252</u>	<u>100.0%</u>	<u>(203,845)</u>	<u>(3.7)%</u>

Explanation for significant changes in expenditures are:

General Government: Overall increase in health care costs.

Capital Outlay: Final payment for the East Main Street renovation was made in 2000.

Debt Service: 2001 expenditure represents a full year of payments on Issue II loan.

**General fund balance:** The fund balance of the general fund increased by 6.4% in 2001 from the December 31, 2000 balance. The \$157,473 increase results in a fund balance of \$2,624,151 as of December 31, 2001.

**Enterprise operations:** The City's enterprise operations are comprised of four separate and distinct activities: Water, Sewer and Sewer Disposal, Refuse, and Parking Meter. Enterprise revenues showed an 8.1% increase over 2000, for a total amount of \$2,036,710. The enterprise operating income increased by \$100,785, from \$91,505 to \$192,290, with a resulting net income of \$145,449. The enterprise net working capital was positive at \$1,041,718 as of December 31, 2001.

The City of Eaton maintains enterprise facilities and equipment with a net book value of \$4,315,191. The largest portions of these facilities are the property, plant and equipment of the Sewer and Sewer Disposal fund. The City's management is currently formulating a plan to provide funding for the future replacement of the Sewerage facilities, as well as the other enterprise facilities. The City is committed to providing its users with quality services in each of the enterprise operations.

**Fiduciary operations:** The City's fiduciary operations are comprised of one nonexpendable trust fund and two agency funds. The trust fund balance at December 31, 2001 was \$10,000.

**Debt administration:** At December 31, 2001, the City has two debt issues outstanding, an Ohio Water Development Authority Loan of \$395,881 and an Ohio Public Works Commission Issue II interest-free loan of \$693,750. Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 10 1/2 percent of total assessed value of real and personal property. As of December 31, 2001, the City has no general obligation bonded debt. The legal limit is \$16,566,993.

**Cash management:** Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, the State Treasury Asset Reserve of Ohio (STAROhio) and repurchase agreements. The City earned interest revenue of \$157,411 on all investments for the year ended December 31, 2001.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent, a financial institution's trust department in the City's name or by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold the collateral. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided.

**Risk management:** The City employs an active risk management strategy coupled with a carefully balanced insurance protection plan to avoid undue exposure to financial liabilities relating to its operations.

Each year a staff member confers with a Loss Prevention Specialist from the City's insurance agent to evaluate potential risks and to develop appropriate programs and policies to mitigate exposures. As a result, the City has an excellent "loss experience" history which has enabled it to place all insurance coverage with companies enjoying at least an "A-" Best rating.

In 2001, the City secured general liability coverage through the Alliance Insurance Company, with a \$5,000,000 limit. This policy provides coverage for personal and bodily injuries, property damage, Firemen's and EMT professional liability, Police Professional and Public Official's liability. There is an additional Umbrella coverage of \$5,000,000. Auto and property coverage are also provided through Alliance Insurance Company with deductibles of \$250 for comprehensive auto, \$1,000 for auto collision and \$1,000 for property. Coverage for Faithful Performance Bonds is carried through the Ohio Casualty Company.

To help maintain a favorable experience record, all claims of less than \$500 are reviewed internally with direct payment by the City when deemed appropriate. The City and its agent, to assure validity and to reduce future exposure, monitor all claims.

Through aggressive risk management the City has suffered no major losses in recent years while providing itself reasonable protection at affordable rates.

A self-funded plan for group health insurance was established in 1990 when it was determined that the costs of such a plan were less than conventional group health insurance. Claims are paid when presented by the third party administrator, Great-West Insurance Co.

The City is protected from the risk of loss in excess of specific amounts by a stop-loss insurance policy through the Great-West Life Group Insurance Trust. The self-funded plan covers 68 employees and their dependents.

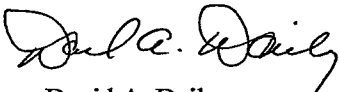
### **OTHER INFORMATION**

**Independent audit:** State statutes require bi-annual audits. The Auditor of the State of Ohio performed the December 31, 2001 audit. The Report of Independent Accountants on the general purpose financial statements is included in the financial section of this report.

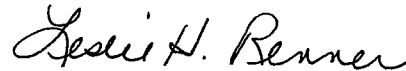
**Acknowledgments:** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and other City departments. We express our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and members of Council of the City of Eaton, preparation of this report would not have been possible.

Sincerely,



David A. Daily  
City Manager



Leslie H. Renner  
Director of Finance

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***CITY OF EATON, OHIO***

**LISTING OF PRINCIPAL CITY OFFICIALS  
December 31, 2001**

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**ELECTED OFFICIALS**

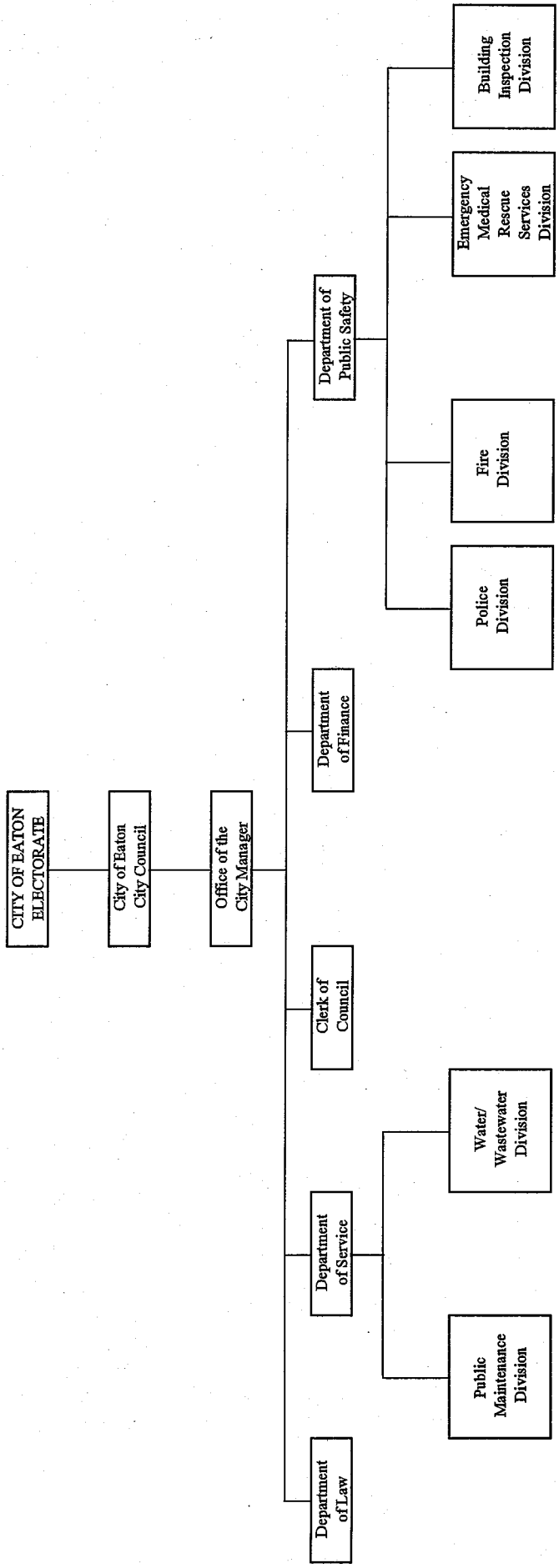
Mayor	Bob Stonecash
Vice-Mayor	Robert Ball
Council Member	Dave Kirsch
Council Member	Joe Renner
Council Member	Lawrence Petry
Municipal Judge	Paul D. Henry

**APPOINTED OFFICIALS**

City Manager	David A. Daily
Director of Finance	Leslie H. Renner
Director of Law	John L. Petry

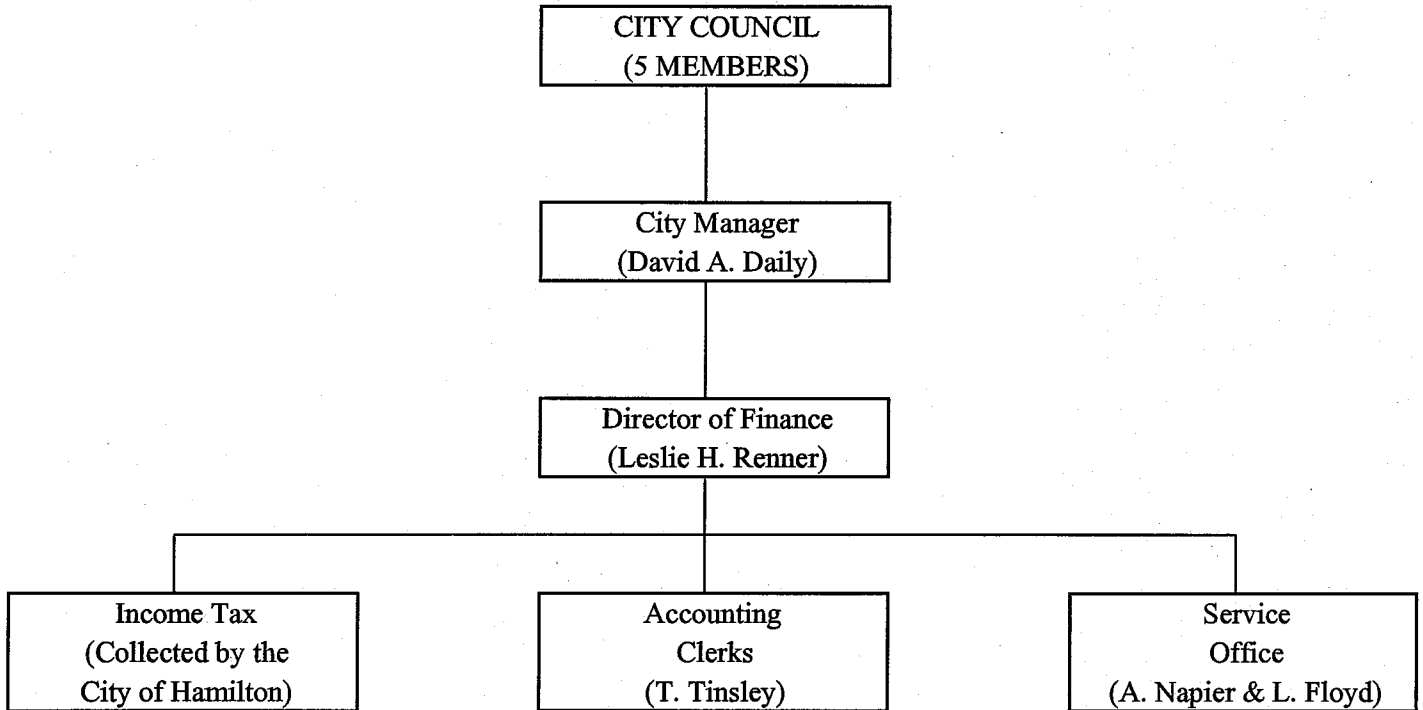
**CITY OF EATON, OHIO**

CITY ORGANIZATION  
as of December 31, 2001



**CITY OF EATON, OHIO**

**DEPARTMENT OF FINANCE  
as of December 31, 2001**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Eaton,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Thomas A. Brewer*  
President

*Jeffrey L. Esser*  
Executive Director

## **FINANCIAL SECTION**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

City of Eaton  
Preble County  
328 North Maple Street  
Eaton, Ohio 45320

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Eaton, Preble County, Ohio (the City), as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Eaton, Preble County, Ohio, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2002, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the City taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical section of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 24, 2002

**CITY OF EATON, OHIO**  
 Combined Balance Sheet - All Fund Types and Account Groups  
 December 31, 2001  
 (with comparative totals for December 31, 2000)

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency
<b>ASSETS AND OTHER DEBITS:</b>					
Cash and Cash Equivalents	\$ 2,261,336	\$ 474,418	\$ 976,545	\$ 1,070,626	\$ 328,156
Investments	248,654	50,000	50,000	-	10,000
Receivables (net of allowance for uncollectibles):					
Taxes	1,055,020	68,994	287,830	-	-
Accounts	33,023	187	-	337,075	-
Special Assessments	-	-	70,942	-	-
Accrued Interest	5,078	732	-	-	174
Due from Other Governments	428,971	167,711	-	717	-
Due from Other Funds	55,057	17,420	-	3,500	8,461
Loans Receivable	-	10,540	-	-	-
Materials and Supplies Inventory	3,000	-	-	-	-
Fixed Assets (net of accumulated depreciation)	-	-	-	4,315,191	-
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$ 4,090,139</b>	<b>\$ 790,002</b>	<b>\$ 1,385,317</b>	<b>\$ 5,727,109</b>	<b>\$ 346,791</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 61,171	\$ 5,484	\$ 29,987	\$ 46,326	\$ 111,226
Accrued Wages and Benefits	81,445	5,066	3,449	17,780	-
Accrued Compensated Absences	138,912	5,233	4,616	94,578	-
Due to Other Governments	7,106	-	-	-	144,627
Due to Other Funds	-	-	-	3,500	80,938
Deferred Revenue	1,177,354	214,707	197,141	-	-
Accrued Interest Payable	-	-	-	19,240	-
Issue II Loan Payable	-	-	-	-	-
OWDA Loan Payable	-	-	-	395,881	-
<b>Total Liabilities</b>	<b>1,465,988</b>	<b>230,490</b>	<b>235,193</b>	<b>577,305</b>	<b>336,791</b>
<b>Equity and Other Credits:</b>					
Investment in Fixed Assets	-	-	-	-	-
Contributed Capital	-	-	-	3,240,305	-
Retained Earnings:					
Unreserved	-	-	-	1,909,499	-
Fund Balance:					
Reserved for:					
Encumbrances	1,782	52,382	8,955	-	-
Materials and Supplies Inventory	3,000	-	-	-	-
Loans Receivable	-	10,540	-	-	-
Nonexpendable Trust Funds	-	-	-	-	10,000
Unreserved:					
Undesignated	2,619,369	496,590	1,141,169	-	-
<b>Total Equity and Other Credits</b>	<b>2,624,151</b>	<b>559,512</b>	<b>1,150,124</b>	<b>5,149,804</b>	<b>10,000</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 4,090,139</b>	<b>\$ 790,002</b>	<b>\$ 1,385,317</b>	<b>\$ 5,727,109</b>	<b>\$ 346,791</b>

See accompanying notes to the general purpose financial statements.



Account Groups		Totals (Memorandum Only)	
General Fixed Asset	General Long-Term Obligations	2001	2000
\$ -	\$ -	\$ 5,111,081	\$ 1,938,014
-	-	358,654	2,586,873
-	-	1,411,844	1,132,306
-	-	370,285	432,107
-	-	70,942	48,375
-	-	5,984	32,548
-	-	597,399	96,428
-	-	84,438	70,771
-	-	10,540	10,540
-	-	3,000	3,000
3,800,951	-	8,116,142	8,260,845
-	848,538	848,538	890,860
<u>\$ 3,800,951</u>	<u>\$ 848,538</u>	<u>\$ 16,988,847</u>	<u>\$ 15,502,667</u>
\$ -	\$ -	\$ 254,194	\$ 176,787
-	-	107,740	102,322
-	154,788	398,127	372,735
-	-	151,733	247,679
-	-	84,438	70,771
-	-	1,589,202	864,482
-	-	19,240	27,602
-	693,750	693,750	731,250
-	-	395,881	567,934
-	848,538	3,694,305	3,161,562
3,800,951	-	3,800,951	3,742,578
-	-	3,240,305	3,365,144
-	-	1,909,499	1,639,211
-	-	63,119	57,172
-	-	3,000	3,000
-	-	10,540	10,540
-	-	10,000	10,000
-	-	4,257,128	3,513,460
<u>3,800,951</u>	<u>-</u>	<u>13,294,542</u>	<u>12,341,105</u>
<u>\$ 3,800,951</u>	<u>\$ 848,538</u>	<u>\$ 16,988,847</u>	<u>\$ 15,502,667</u>

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**CITY OF EATON, OHIO**

Exhibit II

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balance - All Governmental Fund Types  
For the Year Ended December 31, 2001  
(with comparative totals for December 31, 2000)

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)	
				2001	2000
<b>REVENUES:</b>					
Property Taxes	\$ 543,681	\$ 64,727	\$ -	\$ 608,408	\$ 577,453
Municipal Income Taxes	1,873,871	-	1,175,338	3,049,209	2,984,205
State Levied Shared Taxes	461,848	198,405	-	660,253	834,765
Intergovernmental Revenue	187,458	66,862	-	254,320	309,707
Charges for Services	37,648	60,456	-	98,104	50,464
Licenses and Permits	137,987	82,983	-	220,970	201,297
Investment Income	153,446	3,271	-	156,717	219,105
Special Assessments	-	-	67,415	67,415	10,393
Fees, Fines and Forfeitures	617,928	207,547	-	825,475	760,857
Other Revenue	39,796	38,250	-	78,046	41,420
<b>Total Revenues</b>	<b>4,053,663</b>	<b>722,501</b>	<b>1,242,753</b>	<b>6,018,917</b>	<b>5,989,666</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	1,387,441	84,547	-	1,471,988	1,337,974
Public Safety	1,767,387	120	-	1,767,507	1,748,473
Public Health	29,202	110,515	-	139,717	130,404
Transportation	231,132	249,921	-	481,053	475,059
Community Development	144,542	3,117	-	147,659	142,737
Culture and Recreation	-	157,287	-	157,287	169,411
Capital Outlay	251,868	89,117	731,556	1,072,541	1,456,289
Debt Service:					
Principal	-	-	37,500	37,500	18,750
<b>Total Expenditures</b>	<b>3,811,572</b>	<b>694,624</b>	<b>769,056</b>	<b>5,275,252</b>	<b>5,479,097</b>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	242,091	27,877	473,697	743,665	510,569
<b>OTHER FINANCING SOURCES (USES):</b>					
Gain on Sale of Assets	5,950	-	-	5,950	9,929
Operating Transfers-In	-	90,568	-	90,568	372,187
Operating Transfers-Out	(90,568)	-	-	(90,568)	(372,187)
<b>Total Other Financing Sources (Uses)</b>	<b>(84,618)</b>	<b>90,568</b>	<b>-</b>	<b>5,950</b>	<b>9,929</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	157,473	118,445	473,697	749,615	520,498
Fund Balance, Beginning of Year	2,466,678	441,067	676,427	3,584,172	3,063,674
Fund Balance, End of Year	\$ 2,624,151	\$ 559,512	\$ 1,150,124	\$ 4,333,787	\$ 3,584,172

See accompanying notes to the general purpose financial statements.

**CITY OF EATON, OHIO**

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budgetary (Non-GAAP) Basis - All Governmental Fund Types  
For the Year Ended December 31, 2001  
(with comparative totals for December 31, 2000)

	General Fund			Special Revenue Funds		
	Final Budget	Actual	Variance: Favorable (Unfavorable)	Final Budget	Actual	Variance: Favorable (Unfavorable)
<b>REVENUES:</b>						
Property Taxes	\$ 495,000	\$ 539,195	\$ 44,195	\$ 63,775	\$ 63,783	\$ 8
Municipal Income Taxes	1,748,500	1,809,465	60,965	-	-	-
State Levied Shared Taxes	369,900	461,787	91,887	196,760	198,548	1,788
Intergovernmental Revenue	165,000	179,581	14,581	66,852	66,862	10
Charges for Services	885,000	893,103	8,103	149,725	170,673	20,948
Licenses and Permits	100,000	138,633	38,633	86,200	89,617	3,417
Investment Income	81,000	180,752	99,752	2,600	2,692	92
Special Assessments	-	-	-	-	-	-
Fees, Fines and Forfeitures	580,000	609,313	29,313	81,000	94,087	13,087
Other Revenue	100,000	146,531	46,531	31,355	38,463	7,108
<b>Total Revenues</b>	<b>4,524,400</b>	<b>4,958,360</b>	<b>433,960</b>	<b>678,267</b>	<b>724,725</b>	<b>46,458</b>
<b>EXPENDITURES:</b>						
Current:						
General Government	3,149,410	1,851,222	1,298,188	380,680	145,091	235,589
Public Safety	2,513,040	2,073,117	439,923	2,164	120	2,044
Public Health	936,744	695,066	241,678	204,724	110,517	94,207
Transportation	34,000	19,081	14,919	302,014	258,019	43,995
Community Development	185,100	171,403	13,697	68,132	60,103	8,029
Culture and Recreation	-	-	-	165,584	160,085	5,499
Capital Outlay	-	-	-	66,852	66,819	33
<b>Total Expenditures</b>	<b>6,818,294</b>	<b>4,809,889</b>	<b>2,008,405</b>	<b>1,190,150</b>	<b>800,754</b>	<b>389,396</b>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(2,293,894)	148,471	2,442,365	(511,883)	(76,029)	435,854
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale of Assets	-	5,950	5,950	-	-	-
Operating Transfers-In	-	-	-	98,245	90,568	(7,677)
Operating Transfers-Out	(126,880)	(90,568)	36,312	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(126,880)</b>	<b>(84,618)</b>	<b>42,262</b>	<b>98,245</b>	<b>90,568</b>	<b>(7,677)</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,420,774)	63,853	2,484,627	(413,638)	14,539	428,177
Fund Balance, Beginning of Year, as restated	2,409,226	2,409,226	-	359,109	359,109	-
Prior Year Encumbrances Appropriated	11,548	11,548	-	54,529	54,529	-
<b>Fund Balance, End of Year</b>	<b>\$ -</b>	<b>\$ 2,484,627</b>	<b>\$ 2,484,627</b>	<b>\$ -</b>	<b>\$ 428,177</b>	<b>\$ 428,177</b>

See accompanying notes to the general purpose financial statements.

Capital Projects Funds			Totals (Memorandum Only)		
Final Budget	Actual	Variance: Favorable (Unfavorable)	Final Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 558,775	\$ 602,978	\$ 44,203
1,069,000	1,133,707	64,707	2,817,500	2,943,172	125,672
-	-	-	566,660	660,335	93,675
-	-	-	231,852	246,443	14,591
-	-	-	1,034,725	1,063,776	29,051
-	-	-	186,200	228,250	42,050
-	-	-	83,600	183,444	99,844
67,000	67,415	415	67,000	67,415	415
-	-	-	661,000	703,400	42,400
-	-	-	131,355	184,994	53,639
<u>1,136,000</u>	<u>1,201,122</u>	<u>65,122</u>	<u>6,338,667</u>	<u>6,884,207</u>	<u>545,540</u>
-	-	-	3,530,090	1,996,313	1,533,777
-	-	-	2,515,204	2,073,237	441,967
-	-	-	1,141,468	805,583	335,885
-	-	-	336,014	277,100	58,914
-	-	-	253,232	231,506	21,726
-	-	-	165,584	160,085	5,499
<u>1,618,069</u>	<u>699,160</u>	<u>918,909</u>	<u>1,684,921</u>	<u>765,979</u>	<u>918,942</u>
<u>1,618,069</u>	<u>699,160</u>	<u>918,909</u>	<u>9,626,513</u>	<u>6,309,803</u>	<u>3,316,710</u>
<u>(482,069)</u>	<u>501,962</u>	<u>984,031</u>	<u>(3,287,846)</u>	<u>574,404</u>	<u>3,862,250</u>
-	-	-	-	5,950	5,950
-	-	-	98,245	90,568	(7,677)
-	-	-	<u>(126,880)</u>	<u>(90,568)</u>	<u>36,312</u>
-	-	-	<u>(28,635)</u>	<u>5,950</u>	<u>34,585</u>
(482,069)	501,962	984,031	(3,316,481)	580,354	3,896,835
420,395	420,395	-	3,188,730	3,188,730	-
<u>61,674</u>	<u>61,674</u>	<u>-</u>	<u>127,751</u>	<u>127,751</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 984,031</u>	<u>\$ 984,031</u>	<u>\$ -</u>	<u>\$ 3,896,835</u>	<u>\$ 3,896,835</u>

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**CITY OF EATON, OHIO**

Exhibit IV

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/  
Fund Balance - Proprietary Fund Type and Nonexpendable Trust Fund  
For the Year Ended December 31, 2001  
(with comparative totals for December 31, 2000)

	Proprietary	Fiduciary	Totals	
	Fund Type	Fund Type	(Memorandum Only)	
	Enterprise	Non-Expendable Trust	2001	2000
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 2,036,710	\$ -	\$ 2,036,710	\$ 1,884,135
Investment Income	-	694	694	583
<b>Total Operating Revenues</b>	<b>2,036,710</b>	<b>694</b>	<b>2,037,404</b>	<b>1,884,718</b>
<b>OPERATING EXPENSES:</b>				
Personnel Services	509,078	694	509,772	493,071
Fringe Benefits	156,882	-	156,882	163,388
Contractual Services	341,061	-	341,061	325,954
Materials and Supplies	211,718	-	211,718	216,853
Utilities	208,873	-	208,873	195,534
Other Operating Expenses	110,759	-	110,759	97,720
Depreciation	306,049	-	306,049	300,693
<b>Total Operating Expenses</b>	<b>1,844,420</b>	<b>694</b>	<b>1,845,114</b>	<b>1,793,213</b>
Operating Income	192,290	-	192,290	91,505
<b>NON-OPERATING INCOME (EXPENSE):</b>				
Interest Expense	(46,841)	-	(46,841)	(62,824)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(46,841)</b>	<b>-</b>	<b>(46,841)</b>	<b>(62,824)</b>
Net Income	145,449	-	145,449	28,681
<b>Add:</b>				
Depreciation on Fixed Assets Acquired by Contributed Capital	124,839	-	124,839	124,839
Increase in Retained Earnings/Fund Balance	270,288	-	270,288	153,520
Retained Earnings/Fund Balance, Beginning of Year	1,639,211	10,000	1,649,211	1,495,691
Retained Earnings/Fund Balance, End of Year	\$ 1,909,499	\$ 10,000	\$ 1,919,499	\$ 1,649,211

See accompanying notes to the general purpose financial statements.

**CITY OF EATON, OHIO**  
 Combined Statement of Cash Flows - Proprietary  
 Fund Type and Nonexpendable Trust Fund  
 For the Year Ended December 31, 2001  
 (with comparative totals for December 31, 2000)

Exhibit V

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Non-Expendable Trust	2001	2000
<b>OPERATING ACTIVITIES:</b>				
Operating Income	\$ 192,290	\$ -	\$ 192,290	\$ 91,505
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Investment Income Included in Operations	-	(694)	(694)	(583)
Depreciation	306,049	-	306,049	300,693
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	(11,028)	(30)	(11,058)	(14,674)
(Increase) Decrease in Due To/From	275	-	275	(220)
Increase (Decrease) in Accounts Payable	11,310	30	11,340	(28,907)
Increase (Decrease) in Accrued Liabilities	1,526	-	1,526	(17,431)
Net Cash Provided (Used) by Operating Activities	<u>500,422</u>	<u>(694)</u>	<u>499,728</u>	<u>330,383</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal Paid on Long-Term Liabilities	(172,053)	-	(172,053)	(156,811)
Interest Paid	(55,203)	-	(55,203)	(70,445)
Acquisition of Fixed Assets	(102,973)	-	(102,973)	(50,653)
Net Cash Used by Capital and Related Financing Activities	<u>(330,229)</u>	<u>-</u>	<u>(330,229)</u>	<u>(277,909)</u>
<b>INVESTING ACTIVITIES:</b>				
Interest Income	-	694	694	583
Net Cash Provided by Investing Activities	<u>-</u>	<u>694</u>	<u>694</u>	<u>583</u>
Net Increase in Cash and Cash Equivalents	170,193	-	170,193	53,057
Cash and Cash Equivalents, Beginning of Year	<u>900,433</u>	<u>-</u>	<u>900,433</u>	<u>847,376</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,070,626</u>	<u>\$ -</u>	<u>\$ 1,070,626</u>	<u>\$ 900,433</u>

(Continued)



**CITY OF EATON, OHIO**  
 Combined Statement of Cash Flows - Proprietary  
 Fund Type and Nonexpendable Trust Fund  
 For the Year Ended December 31, 2001  
 (with comparative totals for December 31, 2000)  
 (Continued)

	Proprietary	Fiduciary	Totals	
	Fund Type	Fund Type	(Memorandum Only)	
	Enterprise	Non-Expendable Trust	2001	2000
Reconciliation of Cash and Cash Equivalents per Combined Balance Sheet to Cash and Cash Equivalents, End of Year, per Statement of Cash Flows:				
Cash and Cash Equivalents, per Balance Sheet	\$ 1,070,626	\$ 328,156	\$ 1,398,782	\$ 1,198,407
Plus Investments, per Balance Sheet	-	10,000	10,000	10,000
Less: Agency Cash	-	(328,156)	(328,156)	(297,974)
Less: Investments Over 90 Days	-	(10,000)	(10,000)	(10,000)
 Cash and Cash Equivalents, End of Year, per Statement of Cash Flows	 <u>\$ 1,070,626</u>	 <u>\$ -</u>	 <u>\$ 1,070,626</u>	 <u>\$ 900,433</u>

See accompanying notes to the general purpose financial statements.

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**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The City of Eaton is a home rule municipal corporation operating under its own charter since incorporation on July 1, 1961. The Council/Manager form of government, whereby the City Manager is the Chief Administrative Officer, provides the following services: public safety (police, fire and emergency rescue), highway and streets, sanitation, water distribution, parks and recreation, public improvements, community development, building and zoning, public health and welfare, and general administrative services.

As required by generally accepted accounting principles, the reporting entity is comprised of the primary government (“the City”). The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City.

The City considered potential component units for inclusion in the reporting entity. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities are, in substance, part of the City’s operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the general-purpose financial statements to emphasize that it is legally separate from the government. There are no blended or discretely presented component units at December 31, 2001.

Mound Hill Union Cemetery is jointly governed organization established in accordance with Ohio Revised Code Section 759.27 thru 759.48 to unite in the establishment and management of the cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The City has no significant influence on operations. This organization does not meet the reporting entity criteria of generally accepted governmental accounting principles and, accordingly, are not included in the accompanying general-purpose financial statements.

B. Basis of Presentation

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to local governments.

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a financial reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds that are not recorded in the fund because they do not directly affect net expendable available financial resources. Individual funds and account groups that are used by the City are classified as follows:

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Basis of Presentation (Continued)

Governmental Funds

General Fund – To account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the Charter and legislation of the City of Eaton and/or the general laws of the State of Ohio.

Special Revenue Funds – To account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust Funds).

Proprietary Funds

Enterprise Funds – To account for operations, a) that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or accountability for other purposes.

Fiduciary Funds

Trust and Agency Funds – To account for assets held by the City in a trustee capacity or as an agent for other governmental units and/or other funds. These include nonexpendable trust and agency funds.

Account Groups

General Fixed Assets Account Group – To account for all fixed assets of the City, except those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group – To account for all long-term obligations of the City, except those accounted for in the Proprietary funds.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All enterprise funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 3) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes collected by servicing agents, property taxes, estate taxes, fines and forfeitures, revenue sharing entitlements, and reimbursable-type grants.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Basis of Accounting (Continued)

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been recorded as deferred revenue.

Under the modified accrual basis, expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Allocations of cost, such as depreciation and amortization, are not recognized under the modified accrual basis.

The accrual basis of accounting is utilized by proprietary fund types, and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The agency funds are custodial in nature, (assets equal liabilities) and, thus, do not involve the measurement of results of operations.

D. Budgets and Budgetary Data

General Budget Policies

By July 15, the City Manager submits an annual operating budget for all funds of the City, except for the Municipal Court agency fund, for the following fiscal year to the City Council for consideration and passage. No later than July 20, the adopted budget is submitted to the County Auditor for presentation to the County Budget Commission.

The County Budget Commission certifies its actions relative to the annual budget to the City by September 1. As part of this certification, the City receives an Official Certificate of Estimated Resources that states projected revenues by fund. On or about January 1, this certificate is amended to include any unencumbered fund balances from the preceding year. Prior to December 31, the City must revise its budget so that the total estimated expenditures from any fund during the ensuing fiscal year would not exceed the amount as stated on the Amended Official Certificate of Resources. The revised budget then serves as the basis of the annual appropriation ordinance.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Budgets and Budgetary Data (Continued)

General Budget Policies (Continued)

An appropriation ordinance to control the level of expenditures must be legally enacted on or about January 1. The ordinance may be temporary in nature in that its effectiveness applies from the date on which it is enacted to the date on which a permanent appropriation ordinance must be passed. Ohio law requires the permanent appropriation ordinance to be passed no later than April 1, of the fiscal year for which it applies.

Expenditures may not exceed appropriations at the organizational (i.e., Public Safety, Public Health, Community Development, Transportation, and General Government) levels within the General Fund and at the fund level for all other budgeted funds.

The appropriation ordinance may be amended as necessary during the year provided that the total appropriations do not exceed the estimated resources as certified by the County Budget Commission. All amendments to the appropriation ordinance during the year ended December 31, 2001 were approved by City Council as provided by the City Charter. Management, without City Council approval, may revise the budget if the revised budget does not exceed the total appropriations at the organizational levels within the General Fund or at the fund level for all other budgeted funds.

Unencumbered appropriation balances lapse at year-end and reverts to the respective funds from which they were originally appropriated, thus becoming available for future appropriation. Encumbered appropriations are carried forward to the next year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in all Governmental Funds.

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – All Governmental Fund Types is presented on the budgetary basis to provide a relevant comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- \* Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- \* Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- \* Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to reservation of fund balance (GAAP).

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Budgets and Budgetary Data (Continued)

General Budget Policies (Continued)

The adjustments necessary to convert results of operations at the end of the year on the GAAP basis to the budget basis are as follows:

	<u>Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
GAAP BASIS (AS REPORTED)	\$ 157,473	\$ 118,445	\$ 473,697
Increase (decrease):			
Revenue accruals	904,697	2,224	(41,631)
Expenditure accruals and encumbrances	<u>(998,317)</u>	<u>(106,130)</u>	<u>69,896</u>
BUDGET BASIS	\$ <u>63,853</u>	\$ <u>14,539</u>	\$ <u>501,962</u>

E. Inventory

Inventory is stated at cost (first-in, first-out). The costs of inventory items are recorded as expenditures in the Governmental Funds when purchased and expenses in the Proprietary Funds when used. Reported inventories in the Governmental Funds are offset by a fund balance reserve, which indicates they do not constitute "available spendable resources" and are not available for appropriations.

F. Insurance and Risk

The City of Eaton is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased through independent third parties. There were no significant reductions in insurance coverage on any risk during the past year. The City did not have any settlements that exceeded insurance coverage in the last three years.

Effective January 1, 1990, the City began a partial self-funded health plan. The City funds the maximum liability, which is equal to the City's aggregate stop loss plus the insurance companies costs. The self-funded health plan is accounted for in the general fund. Premiums charged to other funds and departments are treated as a reimbursement of expenditures. A liability for unpaid claims at year end is included in accounts payable and is based on claims reported by a third party administrator.



**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. Insurance and Risk (Continued)

	<u>12/31/01</u>	<u>12/31/00</u>
Claims unpaid, beginning of year	\$ 64,082	\$ 27,505
Incurred claims (including amounts incurred but not reported)	178,884	162,272
Less: Claim payments	<u>216,066</u>	<u>125,695</u>
Claims unpaid, end of year	\$ <u>26,900</u>	\$ <u>64,082</u>

G. Fixed Assets

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental fund types and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date donated.

Public domain assets (infrastructure) such as roads, bridges, curb and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording the assets.

Fixed assets acquired by the proprietary fund types are stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. Contributed fixed assets are recorded at fair market value at the date donated.

Depreciation on fixed assets used in Proprietary Funds is computed and recorded by the straight-line method in the Proprietary Funds. Accumulated depreciation on fixed assets used in Governmental Funds is not recorded in the Governmental Funds, but instead is recorded in the General Fixed Asset Account Group also utilizing the straight-line method.

Depreciation recognized on assets acquired or constructed through grants or contributions is closed to the appropriate contributed capital account.

Estimated useful lives of the various classes of fixed assets are as follows:

Buildings	45 years
Equipment	3 – 50 years

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. Compensated Absences

The amounts of vacation and sick leave liabilities that are expected to be liquidated with expendable available financial resources are recorded as current liabilities in the appropriate governmental fund type. The noncurrent portion of the liabilities is recorded in the general long-term obligations account group. Vested vacation and sick leave pertaining to proprietary fund types is recorded as an expense when earned.

I. Interfund Transactions/Due To/From Other Funds

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying general-purpose financial statements reflect such transactions as operating transfers. To the extent that certain transactions between funds had not been paid or received as of the year-end, Due To/From Other Funds have been recorded.

J. Pensions

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred. For governmental funds and expendable trust funds, pension costs will be reported as "pension expenditure" only to the extent that it is expected to be liquidated with expendable available financial resources. At December 31, 2001, the City had no excess pension costs in excess of pension expenditures.

K. Reserves

Reserves indicate portions of fund equity not appropriable for expenditures/expenses and/or legally segregated for a specific future use.

L. Contributed Capital

Proprietary Fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets; acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital, is allocated to contributed capital using the straight-line method over the same life as described for the related fixed asset in Note 1 G.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. Contributed Capital (Continued)

The changes in the City's contributed capital accounts for its proprietary funds were as follows:

	<u>Water</u>	Sewer and <u>Sewer Disposal</u>	<u>Total</u>
Contributed capital, January 1, 2001	\$ 1,250	\$ 3,363,894	\$ 3,365,144
Less: current year depreciation on fixed assets acquired by contributed capital	(250)	(124,589)	(124,839)
Contributed capital, December 31, 2001	\$ <u>1,000</u>	\$ <u>3,239,305</u>	\$ <u>3,240,305</u>

M. Cash and Cash Equivalents and Investments

Cash balances of the City's funds are pooled in order to provide improved cash management. For presentation on the combined statement of cash flows the enterprise and nonexpendable trust fund portions of cash and cash equivalents is considered a cash equivalent because the City is able to withdraw revenues from these funds without prior notice or penalty. All invested funds are pooled so they are available for withdrawal at any time.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

During fiscal year 2001, investments of the City were limited to the State Treasury Asset Reserve of Ohio (STAROhio) and repurchase agreements. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does not operate in a manner consistent with Rule 2a7 on the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2001. The fair value of the City's investment in the STAR Ohio pool is equal to its position in the pool.

N. Comparative Data

Comparative total data for the prior year has been presented in the accompanying general purpose financial statements in order to provide an understanding of overall changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in the general purpose financial statements, since their inclusion would make the statements unduly complex and difficult to read. Certain prior year comparative data has been reclassified to conform to current account classifications.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. Financial Disclosures

The City's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The City accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Total Columns on General Purpose Financial Statements

Total columns on general-purpose (combined) financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

At December 31, 2001, carrying values of the City's deposits with financial institutions and investments were as follows:

	<u>Carrying Amount</u>
Deposits:	
Interest bearing 0.00% to 3.00%	\$2,226,809
Certificates of deposit, 4.50 maturing February 17, 2002 to August 22, 2002	358,654
	<u>2,585,463</u>
Investments:	
Repurchase Agreements	\$ 548,942
STAR Ohio	2,335,330
	<u>2,884,272</u>
Total Cash and Cash Equivalents and Investments	<u>\$5,469,735</u>

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

Deposits

The year-end bank balance of all City deposits was \$3,364,388. Based on criteria described in GASB Statement No. 3 deposits with *Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, the bank balance is categorized as follows:

FDIC insured deposits	\$ 492,468
Amount collateralized with securities held by pledging financial institution's agent in the City's name	396,608
Uninsured and uncollateralized	<u>2,475,312</u>
	<u>\$ 3,364,388</u>

By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, but not in the City's name. Funds in such collateral pools are listed as uninsured and uncollateralized above.

Investments

Pursuant to the City Charter, the City is authorized to invest funds, in compliance with the Ohio Revised Code, in bonds or notes guaranteed by the United States, bonds or obligations of the State of Ohio, the State Treasurer's investment pool or deposits in eligible institutions. Maturities must be less than two years.

Based on criteria described in GASB Statement No. 3, the City's investments are categorized below to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the city or its agent in the City's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counterparty's Trust Department or Agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

	<u>Carrying Amount/ Fair Value</u>
<u>Category 2:</u>	
Repurchase Agreements	\$ 548,942
<u>Unclassified:</u>	
STAR Ohio	<u>2,335,330</u>
Total investments	<u>\$ 2,884,272</u>

The City's investment in STAR Ohio is not classified because it is not evidenced by securities that exist in physical or book entry form.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

Investments (Continued)

A reconciliation between the classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>	<u>Total</u>
Cash and investments	\$ 5,111,081	\$ 358,654	\$ 5,469,735
Investments:			
Certificates of Deposit (terms longer than three months)	358,654	(358,654)	-
Repurchase agreements	(548,942)	548,942	-
STAR Ohio	(2,335,330)	2,335,330	-
GASB Statement 3	\$ <u>2,585,463</u>	\$ <u>2,884,272</u>	\$ <u>5,469,735</u>

A summary of interest earned by the various fund categories is as follows:

	<u>Amount</u>	<u>% of Total</u>
General Fund	\$ 153,446	97.48%
Special Revenue Funds	3,271	2.08%
Non-Expendable Trust Fund	694	.44%
Total	\$ <u>157,411</u>	<u>100.00%</u>

**NOTE 3 – PROPERTY TAXES**

Property taxes are levied against all real, public utility and tangible (used in business) property located in the City.

Revenues from property taxes are used by the City pursuant to state statutes for General Fund operations and as a partial provision for payment of accrued police and fire pension costs.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% (10 mills) of assessed value without a vote of the people. Under current procedures, the City's Share is .460% (4.6 mills) of assessed value.

Real property and public utility taxes collected during 2001 were levied in October, 2000 on assessed values listed as of January 1, 2000, the lien date. One-half of these taxes were due on February 23, 2001, with the remaining balance due on July 20, 2001.

Tangible personal property taxes collected during 2001 had a lien and levy date of December 31, 2000. One-half of these taxes were due by April 30, 2001, with the remaining balance due on September 21, 2001. Personal property revenue recognized represents those taxes levied for and due within the fiscal year, and collected within 60 days after fiscal year end.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 3 – PROPERTY TAXES** (Continued)

Assessed values on real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 1999. Public utility property taxes are assessed on tangible personal property as well as land and improvements at taxable value (approximately 88% of cost). Tangible personal property assessments are 25% of true value. The assessed value for 2000 upon which the 2001 levy was based was approximately \$155,111,530. The assessed value for 2001 upon which the 2002 levy was based was approximately \$157,780,890.

The Preble County Treasurer collects property taxes on behalf of all taxing districts including the City of Eaton. The County Auditor periodically remits to the City its portion of taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

**NOTE 4 – INCOME TAXES**

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The city income tax of 1.5% is levied, by ordinance. One percent (1%) of the tax is levied indefinitely and .5% expired December 31, 2001. The voters of the City approved a three-year renewal of the tax at the November 2001 election. This tax is applicable to substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit this withholding quarterly. Corporations, partnerships, and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. Residents of the City are required to pay City income taxes on income they earn outside the City; however, credit is allowed for all income taxes paid to other municipalities.

The City has a contract with the City of Hamilton, Ohio which collects income taxes for the City of Eaton for a fee equal to three and one-half percent (3 1/2%) of the gross income tax proceeds in any one year, with a \$2,500 minimum charge.

**NOTE 5 – DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments through cooperative agreements and grants receivable at December 31, 2001 are as follows:

<u>Fund Category</u>	<u>Local Governments</u>	<u>State</u>	<u>Totals</u>
General	\$ 239,956	\$ 189,015	\$ 428,971
Special revenue	-	167,711	167,711
Enterprise	<u>717</u>	<u>-</u>	<u>717</u>
Totals	<u>\$ 240,673</u>	<u>\$ 356,726</u>	<u>\$ 597,399</u>

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 6 – INTERFUND BALANCES**

Individual fund interfund receivable and payable balances at December 31, 2001 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 55,057	\$ -
Indigent Driver	584	-
Enforcement & Education	126	-
Computerization Upgrade	6,976	-
Municipal Court Special Projects	9,734	-
Water	-	3,500
Sewer	3,500	-
State Patrol Transfer	8,461	-
Municipal Court	-	<u>80,938</u>
Totals	\$ <u>84,438</u>	\$ <u>84,438</u>

**NOTE 7 – CHANGES IN GENERAL FIXED ASSETS**

Changes in general fixed assets during the year ended December 31, 2001 were as follows:

	<u>Balance 1/1/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/01</u>
Land	\$ 532,699	\$ 83,387	\$ -	\$ 616,086
Buildings	2,423,375	1,000	-	2,424,375
Equipment	<u>3,542,596</u>	<u>411,388</u>	<u>(230,580)</u>	<u>3,723,404</u>
Totals	6,498,670	495,775	(230,580)	6,763,865
Less: Accumulated depreciation	<u>(2,756,092)</u>	<u>(414,340)</u>	<u>207,518</u>	<u>(2,962,914)</u>
Net fixed assets	\$ <u>3,742,578</u>	\$ <u>81,435</u>	\$ <u>( 23,062)</u>	\$ <u>3,800,951</u>

**NOTE 8 – PROPRIETARY FUND TYPES**

Proprietary Funds fixed assets at December 31, 2001, were as follows:

	<u>Enterprise</u>
Land	\$ 79,892
Buildings	5,427,971
Equipment	<u>4,561,930</u>
Totals	10,069,793
Less: Accumulated depreciation	<u>(5,754,602)</u>
Net fixed assets	\$ <u>4,315,191</u>



**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

Both the Police and Firemen's Disability and Pension Fund and the Public Employees Retirement System are reported using GASB Statement No. 27 "Accounting for Pensions by State and Local Governmental Employers". Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Police and Firemen's Disability and Pension Fund or the Public Employees Retirement System of Ohio (PERS). Both funds provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

**A. Public Employees Retirement System**

The City of Eaton participates in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continued to contribute at 9%. For local government employer units the 2001 contribution rate was 13.55% of covered payroll. The City's contributions, representing 100% of employer contribution's for the periods ended December 31, 2001, 2000, and 1999 were \$271,727, \$215,292, and \$260,641, respectively.

**B. Police and Firemen's Disability and Pension Fund**

The City of Eaton contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan member and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2001, 2000, and 1999 were \$123,644, \$110,745, and \$104,547, respectively, equal to the required contribution for each year.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 10 – POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System**

The Public Employees Retirement System (PERS) of Ohio provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The PERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2001 employer contribution rate for local government employer units the rate was 13.55% of covered payroll; 4.30% was the portion used to fund health care for the year. The 2001 employer rate was 16.70% and 4.30% was used to fund health care for both the law enforcement and public safety divisions.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

**Actuarial Review:** The following assumptions and calculations were based on the System's latest Actuarial Review as of December 31, 2000.

**Funding Method:** An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

**Assets Valuation Method:** All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

**Investment Return:** The investment assumption rate for 2000 was 7.75%.

**Active Employee Total Payroll:** An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

**Health Care:** Health care costs were assumed to increase 4.75% annually.

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The portion of City's contributions that were used to fund postemployment benefits was \$86,219. \$11,735.9 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 10 – POSTEMPLOYMENT BENEFITS** (Continued)

**B. Police and Firemen’s Disability and Pension Fund**

The Ohio Police and Fire Pension Fund provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such persons. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty-two if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer’s contribution rate. The total police employer contribution is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F’s Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.25% and 7.5% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000, the date of the last actuarial valuation available, are 12,853 for Police and 10,037 for Firefighters. The City’s annual contribution for 2001 that were used to fund postemployment benefits was \$47,603 for Police and \$38,700 for Firefighters. OP&F’s total health care expenses for the year ending December 31, 2000, the date of the last actuarial valuation available, was \$106,160,054, which was net of members contributions of \$5,657,431.

**NOTE – 11 COMPENSATED ABSENCES**

In accordance with GASB 16, the City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable.

Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	<u>35-40 Hr/Wk Employee Hours Earned/Month</u>
0 thru 5	8.0
5 thru 10	10.7
10 thru 15	12.0
15 thru 30	13.3
Over 30 years	16.0

Appointed employees, which includes the City Manager, Assistant to the City Manager, Director of Finance, Director of Service and Chief of Police, shall receive 20 days vacation per year.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE – 11 COMPENSATED ABSENCES** (Continued)

No more than the amount of vacation accrued in the previous twenty-four month period can be carried forward into the next calendar year without written consent of the City Manager. Without this approval, any excess is eliminated from the employee's leave balance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the two-year accrual. Amounts in excess of the two-year accrual are paid currently. Therefore, the entire liability as determined by the above policy is recognized for each fund.

All employees earn sick leave at the rate of 10 hours for each month of work completed and appointed employees receive 15 days sick leave per year.

It is the policy of the City that an employee with at least three years' service who terminates employment or whose employment is terminated with the City (for other than disciplinary reasons) is entitled to receive payment on the basis of one day's pay for each two days of accrued sick leave not to exceed 120 days for a maximum of 60 days paid. Sick leave is recorded as a long-term obligation, unless there is an indication that the obligation will be liquidated with expendable available financial resources within one year (e.g. announced retirement date).

As of December 31, 2001, the accrued liability for unpaid compensated absences was \$398,127 for all funds and account groups

**NOTE 12 – LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation activity by fund type for the year ended December 31, 2001:

	<u>Balance</u> <u>1/1/01</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/01</u>
<u>General Long-Term Obligations:</u>				
Compensated Absences	\$ 159,610	\$ -	\$ 4,822	\$ 154,788
Issue II Loan Payable	<u>731,250</u>	<u>-</u>	<u>37,500</u>	<u>693,750</u>
Total General				
Long-Term Obligations	<u>890,860</u>	<u>-</u>	<u>42,322</u>	<u>848,538</u>
<u>Enterprise Fund:</u>				
Compensated Absences	95,548	-	970	94,578
OWDA Loan Payable	<u>567,934</u>	<u>-</u>	<u>172,053</u>	<u>395,881</u>
Total Enterprise Fund	<u>663,482</u>	<u>-</u>	<u>173,023</u>	<u>490,459</u>
	<u>\$ 1,554,342</u>	<u>\$ -</u>	<u>\$ 215,345</u>	<u>\$ 1,338,997</u>

Long-term obligations of the City at December 31, 2001 are as follows:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Final</u> <u>Maturity</u>	<u>Balance</u> <u>Outstanding</u>
Issue II	0.0%	7-1-1997	7-1-2019	\$ <u>693,750</u>
Ohio Water Development Authority Loan (OWDA)	9.72%	12-30-1980	7-1-2003	\$ <u>395,881</u>

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 12 – LONG-TERM OBLIGATIONS (Continued)**

The Ohio Water Development Authority (OWDA) loan was for construction of a new wastewater facility. Under the terms of the agreement, eligible project costs were disbursed out of the funds of the OWDA. Subsequently, 75 percent of the eligible project costs were reimbursed by grant monies from the United States of America under Title II of the Federal Water Pollution Control Act Amendments of 1972. The loan balance at December 31, 2001 is based on total actual OWDA project costs (including capitalized interest) less total grant monies received and cumulative payments on the loan.

The federal grants are only for eligible project costs that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of agreement. City management believes such disallowance's, if any, will be minor.

On July 1, 1997, the City entered into a loan agreement with the Ohio Public Works Commission for renovation of the City's downtown area. This loan was approved for a total of \$750,000 with a 0% interest rate. Proceeds were drawn down as funds were expended. As of December 31, 2001, the City had drawn down the entire \$750,000 of this loan. The repayment of this debt began in 2000. Annual required payments are \$37,500.

As of December 31, 2001, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$16.57 million. Principal and interest requirements from the Sewer & Sewer Disposal Fund to retire long-term obligations outstanding at December 31, 2001 are as follows:

<u>Due In</u>	Issue II <u>Loan</u>	OWDA Loan <u>Principal</u>	OWDA Loan <u>Interest</u>	OWDA Loan <u>Total</u>
2002	\$ 37,500	\$ 188,776	\$ 38,480	\$ 227,256
2003	37,500	207,105	20,152	227,257
2004	37,500	-	-	-
2005	37,500	-	-	-
2006	37,500	-	-	-
2007-2011	187,500	-	-	-
2011-thereafter	<u>318,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 693,750</u>	<u>\$ 395,881</u>	<u>\$ 58,632</u>	<u>\$ 454,513</u>

The City is purchasing land in the amount of \$100,000 at 0% interest from Preble County on land contract for recreation purposes. The City paid \$34,000 in 2000. In fiscal years 2001 and 2002, the City will pay \$33,000. The City will book the asset in year 2002, when the transfer of the deed will take place.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

**NOTE 13 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Included in the services provided by the City that are financed primarily by user, charges are delivery of water, collection and disposal of sewerage, refuse collection and parking meters. The key financial information for the year ended December 31, 2001 for these enterprise activities is as follows:

	<u>Water</u>	<u>Sewer &amp; Sewer Disposal</u>	<u>Refuse</u>	<u>Parking Meter</u>	<u>Totals</u>
Operating revenues	\$ 762,327	\$ 785,299	\$ 464,329	\$ 24,755	\$ 2,036,710
Operating expenses					
before depreciation	572,101	450,353	493,491	22,426	1,538,371
Depreciation	73,933	222,992	9,124	-	306,049
Operating income (loss)	116,293	111,954	(38,286)	2,329	192,290
Net non-operating					
revenue (expense)	-	(46,841)	-	-	(46,841)
Net income (loss)	116,293	65,113	(38,286)	2,329	145,449
OWDA loan payable	-	395,881	-	-	395,881
Contributed capital	1,000	3,239,305	-	-	3,240,305
Net change in fixed assets	114,256	(11,978)	-	-	102,278
Net working capital	753,384	168,353	112,043	7,938	1,041,718
Total assets	1,627,709	3,895,971	192,106	11,323	5,727,109
Total equity	\$ 1,569,012	\$ 3,425,443	\$ 147,411	\$ 7,938	\$ 5,149,804

**NOTE 14 – CONTINGENT LIABILITIES**

Under the terms of federal grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that any questioned costs will be resolved in favor of the City and that reimbursement, if any, will not have a material effect on the City's financial position.

The City was a defendant in a number of lawsuits pertaining to matters, which are incidental to performing routine governmental and other functions. Legal counsel cannot estimate exposure, if any, in these suits. All cases are being defended vigorously by the City. It is the opinion of management and City's legal counsel that sufficient resources will be available for the payment of such claims, if any, upon ultimate settlement.

**NOTE 15 – LOANS RECEIVABLE**

Loans receivable in the Special Revenue Community Development Fund represent loans made to citizens at no or low interest rates to make home improvements. Terms of the loans require small monthly payments or are life estate loans, that is, the loan will be paid when the house is sold or the homeowner dies. The total of all outstanding loans equals \$10,540 at December 31, 2001.

**CITY OF EATON, OHIO**  
Notes to the General Purpose Financial Statements  
December 31, 2001

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**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS**

Mound Hill Union Cemetery

One or more municipal corporations and the boards of township trustees of one or more townships established the Mound Hill Union Cemetery in accordance with Ohio Revised Code Section 759.27 to 759.48 to unite in the establishment and management of a cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The Preble County Budget Commission adopts appropriations and the cemetery serves as its own fiscal agent. For the year ended December 31, 2001, the City of Eaton contributed \$97,500 towards the general operation of the cemetery. The cemetery issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained from Mound Union Hill Cemetery at 533 West Main Street, Eaton, Ohio 45320.

**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF FUND BALANCE**

For fiscal year 2001, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Nonexchange Revenues."

The implementation of these two accounting principles had no effect on the excess of revenues and other financing sources over expenditures and the effect on opening fund balances in any of the City's governmental fund types.

The Fund Balance, Beginning of Year, on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary (Non-GAAP) Basis – All Governmental Fund Types has been adjusted to reflect prior years appropriations which were not properly added into fund balance for prior years. The General Fund was restated by \$162,686, from \$2,246,540 to \$2,409,226 and the Capital Improvements Fund within the Capital Projects Fund Type was restated by \$66,576 from \$353,819 to \$420,395, which is the only fund within the Capital Projects Fund Type with a fund balance.

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**GENERAL FUND**

The General Fund accounts for all financial resources except those required to be accounted for in a separate fund.

**CITY OF EATON, OHIO**

A - 1

General Fund

Comparative Balance Sheet

December 31, 2001

(with comparative totals for December 31, 2000)

	Total General Fund	
	2001	2000
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 726,006	\$ 345,773
Investments	1,783,984	2,075,000
Receivables (net of allowance for uncollectibles):		
Taxes	1,055,020	877,016
Accounts	33,023	4,217
Accrued Interest	5,078	32,251
Due from Other Governments	428,971	70,570
Due from Other Funds	55,057	47,171
Materials and Supplies Inventory	<u>3,000</u>	<u>3,000</u>
 Total Assets	 <u>\$ 4,090,139</u>	 <u>\$ 3,454,998</u>
<b>LIABILITIES:</b>		
Accounts Payable	\$ 61,171	\$ 113,316
Accrued Wages and Benefits	81,445	78,199
Accrued Compensated Absences	138,912	104,935
Due to Other Governments	7,106	6,632
Due to Other Funds	-	-
Deferred Revenue	<u>1,177,354</u>	<u>685,238</u>
 Total Liabilities	 <u>1,465,988</u>	 <u>988,320</u>
<b>FUND BALANCE:</b>		
Reserved for:		
Encumbrances	1,782	-
Materials and Supplies Inventory	3,000	3,000
Unreserved:		
Undesignated	<u>2,619,369</u>	<u>2,463,678</u>
 Total Fund Balance	 <u>2,624,151</u>	 <u>2,466,678</u>
 Total Liabilities and Fund Balance	 <u>\$ 4,090,139</u>	 <u>\$ 3,454,998</u>

**CITY OF EATON, OHIO**

A - 2

General Fund

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended December 31, 2001  
(with comparative totals for December 31, 2000)

	Total General Fund	
	2001	2000
<b>REVENUES:</b>		
Property Taxes	\$ 543,681	\$ 518,208
Municipal Income Taxes	1,873,871	1,837,539
State Levied Shared Taxes	461,848	637,841
Intergovernmental Revenue	187,458	159,067
Charges for Services	37,648	2,845
Licenses and Permits	137,987	113,911
Investment Income	153,446	214,542
Fees, Fines and Forfeitures	617,928	574,463
Other Revenue	<u>39,796</u>	<u>17,830</u>
 Total Revenues	 <u>4,053,663</u>	 <u>4,076,246</u>
 <b>EXPENDITURES:</b>		
Current:		
General Government	1,387,441	1,266,508
Public Safety	1,767,387	1,748,473
Public Health	29,202	29,202
Transportation	231,132	177,100
Community Development	144,542	134,127
Capital Outlay	<u>251,868</u>	<u>202,196</u>
 Total Expenditures	 <u>3,811,572</u>	 <u>3,557,606</u>
 Excess (Deficit) of Revenues Over/ (Under) Expenditures	 <u>242,091</u>	 <u>518,640</u>
 <b>OTHER FINANCING SOURCES (USES):</b>		
Gain on Sale of Assets	5,950	9,929
Operating Transfers-Out	<u>(90,568)</u>	<u>(197,892)</u>
 Total Other Financing Sources (Uses)	 <u>(84,618)</u>	 <u>(187,963)</u>
 Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	  <u>157,473</u>	  <u>330,677</u>
 Fund Balance, Beginning of Year	 <u>2,466,678</u>	 <u>2,136,001</u>
 Fund Balance, End of Year	 <u>\$ 2,624,151</u>	 <u>\$ 2,466,678</u>

**CITY OF EATON, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
<b>REVENUES:</b>			
Property Taxes:			
General	\$ 380,000	\$ 389,793	\$ 9,793
Tangible Personal	<u>115,000</u>	<u>149,402</u>	<u>34,402</u>
Total Property Taxes	<u>495,000</u>	<u>539,195</u>	<u>44,195</u>
Municipal Income Taxes	<u>1,748,500</u>	<u>1,809,465</u>	<u>60,965</u>
State Levied Shared Taxes:			
Local Government Fund, County	312,000	321,870	9,870
Inheritance	50,000	131,746	81,746
Cigarette Licenses	400	375	(25)
Liquor and Beer Permits	<u>7,500</u>	<u>7,796</u>	<u>296</u>
Total State Levied Shared Taxes	<u>369,900</u>	<u>461,787</u>	<u>91,887</u>
Intergovernmental Revenue:			
Fire and Service Contracts	100,000	104,781	4,781
Ambulance Contracts	<u>65,000</u>	<u>74,800</u>	<u>9,800</u>
Total Intergovernmental Revenue	<u>165,000</u>	<u>179,581</u>	<u>14,581</u>
Charges for Services:			
General Government	884,000	892,359	8,359
Miscellaneous	<u>1,000</u>	<u>744</u>	<u>(256)</u>
Total Charges for Services	<u>885,000</u>	<u>893,103</u>	<u>8,103</u>
Licenses and Permits:			
Zoning Fees	-	646	646
Building Permits	<u>100,000</u>	<u>137,987</u>	<u>37,987</u>
Total Licences and Permits	<u>100,000</u>	<u>138,633</u>	<u>38,633</u>
Investment Income	<u>81,000</u>	<u>180,752</u>	<u>99,752</u>
Fees, Fines and Forfeitures	<u>580,000</u>	<u>609,313</u>	<u>29,313</u>
Other Revenue	<u>100,000</u>	<u>146,531</u>	<u>46,531</u>
Total Revenues	<u>4,524,400</u>	<u>4,958,360</u>	<u>433,960</u>

**CITY OF EATON, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

	Budget	Actual	Variance: Favorable/ (Unfavorable)
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Administration	2,295,210	1,103,802	1,191,408
City Council	16,900	10,138	6,762
Municipal Court	581,300	539,066	42,234
Public Maintenance	256,000	198,216	57,784
Total General Government	3,149,410	1,851,222	1,298,188
Public Safety:			
Police Division	927,100	894,381	32,719
Headquarters	74,500	69,079	5,421
Fire Division	87,500	77,672	9,828
EMS Division	74,200	61,576	12,624
Public Safety Fund	1,349,740	970,409	379,331
Total Public Safety	2,513,040	2,073,117	439,923
Public Health:			
Employee Health Care Fund	936,744	695,066	241,678
Transportation:			
Traffic Lights	34,000	19,081	14,919
Community Development:			
Building & Zoning	185,100	171,403	13,697
Total Expenditures	6,818,294	4,809,889	2,008,405
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(2,293,894)	148,471	2,442,365
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Assets	-	5,950	5,950
Operating Transfers Out	(126,880)	(90,568)	36,312
Total Other Financing Sources (Uses)	(126,880)	(84,618)	42,262
Excess (Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,420,774)	63,853	2,484,627
Fund Balance, Beginning of Year, as restated	2,409,226	2,409,226	-
Prior Year Encumbrances Appropriated	11,548	11,548	-
Fund Balance, End of Year	\$ -	\$ 2,484,627	\$ 2,484,627

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## SPECIAL REVENUE FUNDS

Indigent Driver Education and Training Fund – Required by the Ohio Revised Code to account for DUI fines designated for education and training of indigent DUI offenders.

Enforcement and Education Fund – Required by the Ohio Revised Code to account for DUI fines designated for use by law enforcement agencies for officer drug and alcohol education and/or enforcement.

Law Enforcement Fund – To account for fines designated by a court of law for use by law enforcement agencies.

Computerization Upgrade Fund – To account for fees collected by the municipal court to fund computer related expenditures.

Municipal Court Special Projects Fund – To account for fees collected by the Municipal Court to fund a Court building.

Street Construction, Maintenance and Repair Fund – Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Improvement Fund – Required by the Ohio Revised Code to account for that portion of the state gasoline and motor vehicle registration fees designated for maintenance of state highways within the City.

Cemetery Fund – To account for the joint operations with a Township of the Mound Hill Union Cemetery.

Recreation Fund – To account for monies received through charges for services for cultural and recreational events provided for public enjoyment.

Swimming Pool Fund – To account for the operations of the City owned swimming pool.

Robert's Bridge Fund – To account for funds set aside to maintain a local landmark.

Community Development Fund – To account for community development block grant funds.

Fort St. Clair Fund – To account for the operation of Fort St. Clair Park, which is owned by the Ohio Historical Society.

Small Cities Fund – To account for small cities block grant funds received from the State of Ohio.

**CITY OF EATON, OHIO**

B - 1

Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2001

(with comparative totals for December 31, 2000)

	Indigent Driver	Enforcement & Education	Law Enforcement
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 42,578	\$ 3,387	\$ 2,044
Investments	50,000	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Accrued Interest	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	584	126	-
Loans Receivable	-	-	-
<b>Total Assets</b>	<b><u>\$ 93,162</u></b>	<b><u>\$ 3,513</u></b>	<b><u>\$ 2,044</u></b>
<b>LIABILITIES:</b>			
Accounts Payable	-	-	-
Accrued Wages and Benefits	-	-	-
Accrued Compensated Absences	-	-	-
Deferred Revenue	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCE:</b>			
Reserved for:			
Encumbrances	-	-	-
Loans Receivable	-	-	-
Unreserved:			
Undesignated	<u>93,162</u>	<u>3,513</u>	<u>2,044</u>
<b>Total Fund Balance</b>	<b><u>93,162</u></b>	<b><u>3,513</u></b>	<b><u>2,044</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 93,162</u></b>	<b><u>\$ 3,513</u></b>	<b><u>\$ 2,044</u></b>



Computerization Upgrade	Municipal Court Special Projects	Street Construction, Maintenance & Repair	State Highway Improvement	Cemetery
\$ 61,421	\$ 258,096	\$ 49,261	\$ 539	\$ -
-	-	-	-	-
-	-	-	-	68,994
-	-	-	-	-
-	-	148,904	16,707	2,100
6,976	9,734	-	-	-
-	-	-	-	-
<u>\$ 68,397</u>	<u>\$ 267,830</u>	<u>\$ 198,165</u>	<u>\$ 17,246</u>	<u>\$ 71,094</u>
\$ -	\$ -	\$ 2,775	\$ -	\$ -
1,011	-	3,392	569	-
43	-	4,763	427	-
-	-	129,429	15,128	70,150
<u>1,054</u>	<u>-</u>	<u>140,359</u>	<u>16,124</u>	<u>70,150</u>
48,892	3,490	-	-	-
-	-	-	-	-
<u>18,451</u>	<u>264,340</u>	<u>57,806</u>	<u>1,122</u>	<u>944</u>
<u>67,343</u>	<u>267,830</u>	<u>57,806</u>	<u>1,122</u>	<u>944</u>
<u>\$ 68,397</u>	<u>\$ 267,830</u>	<u>\$ 198,165</u>	<u>\$ 17,246</u>	<u>\$ 71,094</u>

(Continued)

**CITY OF EATON, OHIO**

B - 1

Special Revenue Funds

Combining Balance Sheet

December 31, 2001

(with comparative totals for December 31, 2000)

(Continued)

	Recreation	Swimming Pool	Robert's Bridge
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,854	\$ 863	\$ 1,235
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Accrued Interest	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	-	-	-
Loans Receivable	-	-	-
	<u>1,854</u>	<u>863</u>	<u>1,235</u>
Total Assets	<u>\$ 1,854</u>	<u>\$ 863</u>	<u>\$ 1,235</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 837	\$ 140	\$ -
Accrued Wages and Benefits	-	94	-
Accrued Compensated Absences	-	-	-
Deferred Revenue	-	-	-
	<u>837</u>	<u>234</u>	<u>-</u>
Total Liabilities	<u>837</u>	<u>234</u>	<u>-</u>
<b>FUND BALANCE:</b>			
Reserved for:			
Encumbrances	-	-	-
Loans Receivable	-	-	-
Unreserved:			
Undesignated	<u>1,017</u>	<u>629</u>	<u>1,235</u>
Total Fund Balance	<u>1,017</u>	<u>629</u>	<u>1,235</u>
Total Liabilities and Fund Balance	<u>\$ 1,854</u>	<u>\$ 863</u>	<u>\$ 1,235</u>

Community Development	Fort St. Clair	Small Cities	Total Special Revenue Funds	
			2001	2000
\$ 48,869	\$ 1,976	\$ 2,295	\$ 474,418	\$ 116,827
-	-	-	50,000	296,812
-	-	-	68,994	66,990
-	187	-	187	3,365
732	-	-	732	153
-	-	-	167,711	24,866
-	-	-	17,420	14,177
<u>10,540</u>	<u>-</u>	<u>-</u>	<u>10,540</u>	<u>10,540</u>
<u>\$ 60,141</u>	<u>\$ 2,163</u>	<u>\$ 2,295</u>	<u>\$ 790,002</u>	<u>\$ 533,730</u>
\$ -	\$ 1,732	\$ -	\$ 5,484	\$ 14,929
-	-	-	5,066	5,978
-	-	-	5,233	4,766
<u>-</u>	<u>-</u>	<u>-</u>	<u>214,707</u>	<u>66,990</u>
<u>-</u>	<u>1,732</u>	<u>-</u>	<u>230,490</u>	<u>92,663</u>
-	-	-	52,382	44,892
10,540	-	-	10,540	10,540
<u>49,601</u>	<u>431</u>	<u>2,295</u>	<u>496,590</u>	<u>385,635</u>
<u>60,141</u>	<u>431</u>	<u>2,295</u>	<u>559,512</u>	<u>441,067</u>
<u>\$ 60,141</u>	<u>\$ 2,163</u>	<u>\$ 2,295</u>	<u>\$ 790,002</u>	<u>\$ 533,730</u>

**CITY OF EATON, OHIO**

B - 2

Special Revenue Funds  
 Combining Statement of Revenue, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended December 31, 2001  
 (with comparative totals for December 31, 2000)

	Indigent Driver	Enforcement & Education	Law Enforcement
<b>REVENUES:</b>			
Property Taxes	\$ -	\$ -	\$ -
State Levied Shared Taxes	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Investment Income	-	-	-
Fees, Fines and Forfeitures	11,197	2,024	-
Other Revenue	-	-	-
<b>Total Revenues</b>	<u>11,197</u>	<u>2,024</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	120
Public Health	6,952	6,063	-
Transportation	-	-	-
Community Development	-	-	-
Culture and Recreation	-	-	-
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>6,952</u>	<u>6,063</u>	<u>120</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>4,245</u>	<u>(4,039)</u>	<u>(120)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers-In	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	4,245	(4,039)	(120)
Fund Balance, Beginning of Year	<u>88,917</u>	<u>7,552</u>	<u>2,164</u>
Fund Balance, End of Year	<u>\$ 93,162</u>	<u>\$ 3,513</u>	<u>\$ 2,044</u>

<u>Computerization Upgrade</u>	<u>Municipal Court Special Projects</u>	<u>Street Construction, Maintenance &amp; Repair</u>	<u>State Highway Improvement</u>	<u>Cemetery</u>
\$ -	\$ -	\$ -	\$ -	\$ 64,727
-	-	179,678	14,568	4,159
-	-	-	-	-
-	-	-	-	-
-	-	77,007	5,976	-
-	-	-	-	-
82,474	111,852	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
82,474	111,852	256,685	20,544	68,886
82,037	2,510	-	-	-
-	-	-	-	-
-	-	-	-	97,500
-	-	224,756	25,165	-
-	-	-	-	-
-	-	-	-	-
7,337	-	-	-	-
<u>7,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
89,374	2,510	224,756	25,165	97,500
(6,900)	109,342	31,929	(4,621)	(28,614)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,558</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,558</u>
(6,900)	109,342	31,929	(4,621)	944
74,243	158,488	25,877	5,743	-
<u>67,343</u>	<u>267,830</u>	<u>57,806</u>	<u>1,122</u>	<u>944</u>

(Continued)

**CITY OF EATON, OHIO**

B - 2

Special Revenue Funds  
Combining Statement of Revenue, Expenditures and  
Changes in Fund Balance

For the Year Ended December 31, 2001  
(with comparative totals for December 31, 2000)

(Continued)

	<u>Recreation</u>	<u>Swimming Pool</u>	<u>Robert's Bridge</u>
<b>REVENUES:</b>			
Property Taxes	\$ -	\$ -	\$ -
State Levied Shared Taxes	-	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	13,078	47,378	-
Licenses and Permits	-	-	-
Investment Income	-	-	-
Fees, Fines and Forfeitures	-	-	-
Other Revenue	-	-	-
<b>Total Revenues</b>	<u>13,078</u>	<u>47,378</u>	<u>-</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General Government	-	-	-
Public Safety	-	-	-
Public Health	-	-	-
Transportation	-	-	-
Community Development	-	-	-
Culture and Recreation	32,306	76,900	75
Capital Outlay	-	974	-
<b>Total Expenditures</b>	<u>32,306</u>	<u>77,874</u>	<u>75</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(19,228)</u>	<u>(30,496)</u>	<u>(75)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers-In	<u>19,000</u>	<u>30,510</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>19,000</u>	<u>30,510</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(228)	14	(75)
Fund Balance, Beginning of Year	<u>1,245</u>	<u>615</u>	<u>1,310</u>
Fund Balance, End of Year	<u>\$ 1,017</u>	<u>\$ 629</u>	<u>\$ 1,235</u>

Community Development	Fort St. Clair	Small Cities	Total Special Revenue Funds	
			2001	2000
\$ -	\$ -	\$ -	\$ 64,727	\$ 59,245
-	-	-	198,405	196,924
-	-	66,862	66,862	34,000
-	-	-	60,456	47,619
-	-	-	82,983	87,386
3,271	-	-	3,271	4,563
-	-	-	207,547	186,394
-	38,250	-	38,250	23,590
<u>3,271</u>	<u>38,250</u>	<u>66,862</u>	<u>722,501</u>	<u>639,721</u>
-	-	-	84,547	71,466
-	-	-	120	-
-	-	-	110,515	101,202
-	-	-	249,921	297,959
3,117	-	-	3,117	8,610
-	48,006	-	157,287	169,411
<u>16,239</u>	<u>-</u>	<u>64,567</u>	<u>89,117</u>	<u>114,450</u>
<u>19,356</u>	<u>48,006</u>	<u>64,567</u>	<u>694,624</u>	<u>763,098</u>
<u>(16,085)</u>	<u>(9,756)</u>	<u>2,295</u>	<u>27,877</u>	<u>(123,377)</u>
<u>-</u>	<u>11,500</u>	<u>-</u>	<u>90,568</u>	<u>197,892</u>
<u>-</u>	<u>11,500</u>	<u>-</u>	<u>90,568</u>	<u>197,892</u>
(16,085)	1,744	2,295	118,445	74,515
<u>76,226</u>	<u>(1,313)</u>	<u>-</u>	<u>441,067</u>	<u>366,552</u>
<u>\$ 60,141</u>	<u>\$ 431</u>	<u>\$ 2,295</u>	<u>\$ 559,512</u>	<u>\$ 441,067</u>

**CITY OF EATON, OHIO**

B - 3

Indigent Driver Education and Training Fund  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
Fees, Fines and Forfeitures	\$ 10,000	\$ 10,815	\$ 815
EXPENDITURES:			
Public Health	<u>98,717</u>	<u>6,954</u>	<u>91,763</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(88,717)	3,861	92,578
Fund Balance, Beginning of Year	<u>88,717</u>	<u>88,717</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 92,578</u>	<u>\$ 92,578</u>



**CITY OF EATON, OHIO**

Enforcement and Education Fund  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
REVENUES:			
Fees, Fines and Forfeitures	\$ 1,000	\$ 1,943	\$ 943
EXPENDITURES:			
Public Health	<u>8,507</u>	<u>6,063</u>	<u>2,444</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(7,507)	(4,120)	3,387
Fund Balance, Beginning of Year	<u>7,507</u>	<u>7,507</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 3,387</u>	<u>\$ 3,387</u>

**CITY OF EATON, OHIO**

B - 3

Law Enforcement Fund

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

---

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
All Other Revenue	\$ -	\$ -	\$ -
EXPENDITURES:			
Public Safety	<u>2,164</u>	<u>120</u>	<u>2,044</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(2,164)	(120)	2,044
Fund Balance, Beginning of Year	<u>2,164</u>	<u>2,164</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 2,044</u>	<u>\$ 2,044</u>

**CITY OF EATON, OHIO**

**Computerization Upgrade Fund**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis**  
**For the Year Ended December 31, 2001**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance:</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<b>REVENUES:</b>			
Fees, Fines and Forfeitures	\$ 70,000	\$ 81,329	\$ 11,329
<b>EXPENDITURES:</b>			
General Government	<u>140,291</u>	<u>139,091</u>	<u>1,200</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(70,291)	(57,762)	12,529
Fund Balance, Beginning of Year	20,639	20,639	-
Prior Year Encumbrances Appropriated	<u>49,652</u>	<u>49,652</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 12,529</u>	<u>\$ 12,529</u>

**CITY OF EATON, OHIO**

B - 3

Municipal Court Special Projects Fund  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
Charges for Services	\$ 90,000	\$ 110,217	\$ 20,217
EXPENDITURES:			
General Government	<u>240,389</u>	<u>6,000</u>	<u>234,389</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(150,389)	104,217	254,606
Fund Balance, Beginning of Year	<u>150,389</u>	<u>150,389</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 254,606</u>	<u>\$ 254,606</u>

**CITY OF EATON, OHIO**

B - 3

Street Construction, Maintenance and Repair Fund  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

---

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
State Shared Levied Taxes	\$ 178,500	\$ 179,810	\$ 1,310
Licenses and Permits	80,000	83,366	3,366
All Other Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	258,500	263,176	4,676
EXPENDITURES:			
Transportation	<u>276,986</u>	<u>233,000</u>	<u>43,986</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(18,486)	30,176	48,662
Fund Balance, Beginning of Year	13,609	13,609	-
Prior Year Encumbrances Appropriated	<u>4,877</u>	<u>4,877</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 48,662</u>	<u>\$ 48,662</u>

**CITY OF EATON, OHIO**

State Highway Improvement Fund  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
State Shared Levied Taxes	\$ 14,100	\$ 14,579	\$ 479
Licenses and Permits	<u>6,200</u>	<u>6,251</u>	<u>51</u>
Total Revenues	20,300	20,830	530
EXPENDITURES:			
Transportation	<u>25,028</u>	<u>25,019</u>	<u>9</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(4,728)	- (4,189)	539
Fund Balance, Beginning of Year	<u>4,728</u>	<u>4,728</u>	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 539</u>	<u>\$ 539</u>

**CITY OF EATON, OHIO**

Cemetery Fund

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
Property Taxes	\$ 63,775	\$ 63,783	\$ 8
State Shared Levied Taxes	<u>4,160</u>	<u>4,159</u>	<u>(1)</u>
 Total Revenues	 67,935	 67,942	 7
EXPENDITURES:			
Public Health	<u>97,500</u>	<u>97,500</u>	<u>-</u>
 Excess (Deficit) of Revenues Over/ (Under) Expenditures	 (29,565)	 - (29,558)	  7
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>29,565</u>	<u>29,558</u>	<u>(7)</u>
 Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	 -	 -	 -
 Fund Balance, Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

**CITY OF EATON, OHIO**

Recreation Fund

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
Charges for Services	\$ 12,400	\$ 13,078	\$ 678
EXPENDITURES:			
Culture and Recreation	<u>34,250</u>	<u>32,474</u>	<u>1,776</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(21,850)	(19,396)	2,454
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>19,600</u>	<u>19,000</u>	<u>(600)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,250)	(396)	1,854
Fund Balance, Beginning of Year	<u>2,250</u>	<u>2,250</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,854</u>	<u>\$ 1,854</u>



**CITY OF EATON, OHIO**

Swimming Pool Fund

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
Charges for Services	\$ 47,325	\$ 47,378	\$ 53
EXPENDITURES:			
Culture and Recreation	<u>78,972</u>	<u>78,422</u>	<u>550</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(31,647)	(31,044)	603
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>30,510</u>	<u>30,510</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,137)	(534)	603
Fund Balance, Beginning of Year	<u>1,137</u>	<u>1,137</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 603</u>	<u>\$ 603</u>

**CITY OF EATON, OHIO**

B - 3

Robert's Bridge Fund  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
All Other Revenue	\$ -	\$ -	\$ -
EXPENDITURES:			
Culture and Recreation	<u>1,310</u>	<u>75</u>	<u>1,235</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(1,310)	(75)	1,235
Fund Balance, Beginning of Year	<u>1,310</u>	<u>1,310</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ 1,235</u>

**CITY OF EATON, OHIO**

Community Development Fund  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
Investment Income	\$ 2,600	\$ 2,692	\$ 92
EXPENDITURES:			
Community Development	<u>68,132</u>	<u>60,103</u>	<u>8,029</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(65,532)	(57,411)	8,121
Fund Balance, Beginning of Year	<u>65,532</u>	<u>65,532</u>	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 8,121</u>	<u>\$ 8,121</u>

**CITY OF EATON, OHIO**

B - 3

Fort St. Clair Fund

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
All Other Revenue	\$ 31,355	\$ 38,463	\$ 7,108
EXPENDITURES:			
Culture and Recreation	<u>51,052</u>	<u>49,114</u>	<u>1,938</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(19,697)	(10,651)	9,046
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>18,570</u>	<u>11,500</u>	<u>(7,070)</u>
Excess (Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,127)	849	1,976
Fund Balance, Beginning of Year	<u>1,127</u>	<u>1,127</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,976</u>	<u>\$ 1,976</u>

**CITY OF EATON, OHIO**

Small Cities Fund

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

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	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES:			
Intergovernmental Revenue	\$ 66,852	\$ 66,862	\$ 10
EXPENDITURES:			
Capital Outlay	<u>66,852</u>	<u>66,819</u>	<u>33</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	-	43	43
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 43</u>

**CITY OF EATON, OHIO**

Total Special Revenue Funds

Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
For the Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
<b>REVENUES:</b>			
Property Taxes	\$ 63,775	\$ 63,783	\$ 8
State Shared Levied Taxes	196,760	198,548	1,788
Intergovernmental Revenue	66,852	66,862	10
Charges for Services	149,725	170,673	20,948
Licenses and Permits	86,200	89,617	3,417
Investment Income	2,600	2,692	92
Fees, Fines and Forfeitures	81,000	94,087	13,087
All Other Revenue	<u>31,355</u>	<u>38,463</u>	<u>7,108</u>
 Total Revenues	 <u>678,267</u>	 <u>724,725</u>	 <u>46,458</u>
 <b>EXPENDITURES:</b>			
Current:			
General Government	380,680	145,091	235,589
Public Safety	2,164	120	2,044
Public Health	204,724	110,517	94,207
Transportation	302,014	258,019	43,995
Community Development	68,132	60,103	8,029
Culture and Recreation	165,584	160,085	5,499
Capital Outlay	<u>66,852</u>	<u>66,819</u>	<u>33</u>
 Total Expenditures	 1,190,150	 800,754	 389,396
 Excess (Deficit) of Revenues Over/ (Under) Expenditures	 (511,883)	 (76,029)	 435,854
 <b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	<u>98,245</u>	<u>90,568</u>	<u>(7,677)</u>
 Excess (Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	 (413,638)	 14,539	 428,177
 Fund Balance, Beginning of Year	 359,109	 359,109	 -
 Prior Year Encumbrances Appropriated	 <u>54,529</u>	 <u>54,529</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ -</u>	 <u>\$ 428,177</u>	 <u>\$ 428,177</u>

## CAPITAL PROJECTS FUND

Capital Improvements Fund – To account for various capital projects financed by governmental funds.

Since there is only one Capital Projects Fund and the level of budgetary control is not greater than that presented in the General Purpose Financial Statements, no individual fund information is presented. This is in contrast to prior years where two funds have been presented.

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## ENTERPRISE FUNDS

Water Fund – To account for the provision of water treatment and distribution to the residents and commercial users of the City and some residents of the County.

Sewerage and Sewerage Disposal Fund – To account for sanitary services provided to the residents and commercial users of the City and some residents of the County.

Refuse Fund – To account for the collection and disposal of refuse by the City.

Parking Meter Fund – To account for off-street parking services provided by the City.

All activities necessary to provide the above services are accounted for in each particular fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**CITY OF EATON, OHIO**

D - 1

Enterprise Funds  
Combining Balance Sheet  
December 31, 2001

(with comparative totals for December 31, 2000)

	Water	Sewer & Sewer Disposal	Refuse	Parking Meter	Total Enterprise	
					2001	2000
<b>ASSETS:</b>						
Current assets:						
Cash and Cash Equivalents	\$ 691,175	\$ 295,655	\$ 72,473	\$ 11,323	\$ 1,070,626	\$ 900,433
Receivables (net of allowance for uncollectibles):						
Accounts	120,189	132,621	84,265	-	337,075	326,047
Due from Other Governments	717	-	-	-	717	992
Due from Other Funds	-	3,500	-	-	3,500	3,500
<u>Total Current Assets</u>	<u>812,081</u>	<u>431,776</u>	<u>156,738</u>	<u>11,323</u>	<u>1,411,918</u>	<u>1,230,972</u>
Property, Plant and Equipment:						
Land	32,271	30,500	17,121	-	79,892	79,892
Buildings	272,656	5,155,315	-	-	5,427,971	5,427,971
Machinery and Equipment	1,483,442	3,032,870	45,618	-	4,561,930	4,459,652
	1,788,369	8,218,685	62,739	-	10,069,793	9,967,515
Less: Accumulated Depreciation	(972,741)	(4,754,490)	(27,371)	-	(5,754,602)	(5,449,248)
<u>Net Property, Plant and Equipment</u>	<u>815,628</u>	<u>3,464,195</u>	<u>35,368</u>	<u>-</u>	<u>4,315,191</u>	<u>4,518,267</u>
<b>Total Assets</b>	<b>\$ 1,627,709</b>	<b>\$ 3,895,971</b>	<b>\$ 192,106</b>	<b>\$ 11,323</b>	<b>\$ 5,727,109</b>	<b>\$ 5,749,239</b>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts Payable	\$ 4,106	\$ 13,356	\$ 28,864	\$ -	\$ 46,326	\$ 35,016
Accrued Wages and Benefits	8,474	6,425	2,397	484	17,780	15,284
Accrued Compensated Absences	42,617	35,626	13,434	2,901	94,578	95,548
Due to Other Funds	3,500	-	-	-	3,500	3,500
Accrued Interest Payable	-	19,240	-	-	19,240	27,602
OWDA Loan Payable - Current	-	188,776	-	-	188,776	172,053
<u>Total Current Liabilities</u>	<u>58,697</u>	<u>263,423</u>	<u>44,695</u>	<u>3,385</u>	<u>370,200</u>	<u>349,003</u>
Noncurrent Liabilities:						
OWDA Loan Payable	-	207,105	-	-	207,105	395,881
<u>Total Liabilities</u>	<u>58,697</u>	<u>470,528</u>	<u>44,695</u>	<u>3,385</u>	<u>577,305</u>	<u>744,884</u>
<b>EQUITY AND OTHER CREDITS:</b>						
Contributed Capital:						
Contributed Capital from Governments	2,500	5,606,496	-	-	5,608,996	5,608,996
Less: Amortization	(1,500)	(2,367,191)	-	-	(2,368,691)	(2,243,852)
<u>Total</u>	<u>1,000</u>	<u>3,239,305</u>	<u>-</u>	<u>-</u>	<u>3,240,305</u>	<u>3,365,144</u>
Retained Earnings:						
Unreserved	1,568,012	186,138	147,411	7,938	1,909,499	1,639,211
<u>Total Equity and Other Credits</u>	<u>1,569,012</u>	<u>3,425,443</u>	<u>147,411</u>	<u>7,938</u>	<u>5,149,804</u>	<u>5,004,355</u>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 1,627,709</b>	<b>\$ 3,895,971</b>	<b>\$ 192,106</b>	<b>\$ 11,323</b>	<b>\$ 5,727,109</b>	<b>\$ 5,749,239</b>

**CITY OF EATON, OHIO**

D - 2

Enterprise Funds  
 Combining Statement of Revenues, Expenses and  
 Changes in Retained Earnings  
 Year Ended December 31, 2001  
 (with comparative totals for December 31, 2000)

	Water	Sewer & Sewer Disposal	Refuse	Parking Meter	Total Enterprise	
					2001	2000
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ 762,327	\$ 785,299	\$ 464,329	\$ 24,755	\$ 2,036,710	\$ 1,884,135
Total Operating Revenues	<u>762,327</u>	<u>785,299</u>	<u>464,329</u>	<u>24,755</u>	<u>2,036,710</u>	<u>1,884,135</u>
<b>OPERATING EXPENSES:</b>						
Personnel Services	252,595	178,672	64,487	13,324	509,078	492,488
Fringe Benefits	69,156	56,073	23,951	7,702	156,882	163,388
Contractual Services	25,312	17,103	298,646	-	341,061	325,954
Materials and Supplies	117,832	35,825	57,336	725	211,718	216,853
Utilities	63,806	112,299	32,768	-	208,873	195,534
Other Operating Expenses	43,400	50,381	16,303	675	110,759	97,720
Depreciation	73,933	222,992	9,124	-	306,049	300,693
Total Operating Expenses	<u>646,034</u>	<u>673,345</u>	<u>502,615</u>	<u>22,426</u>	<u>1,844,420</u>	<u>1,792,630</u>
Operating Income (Loss)	116,293	111,954	(38,286)	2,329	192,290	91,505
<b>NON-OPERATING INCOME (EXPENSE):</b>						
Interest Expense	-	(46,841)	-	-	(46,841)	(62,824)
Net Income (Loss)	116,293	65,113	(38,286)	2,329	145,449	28,681
<b>Add:</b>						
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>250</u>	<u>124,589</u>	<u>-</u>	<u>-</u>	<u>124,839</u>	<u>124,839</u>
Increase in Retained Earnings	116,543	189,702	(38,286)	2,329	270,288	153,520
Retained Earnings (Deficit), Beginning of Year	<u>1,451,469</u>	<u>(3,564)</u>	<u>185,697</u>	<u>5,609</u>	<u>1,639,211</u>	<u>1,485,691</u>
Retained Earnings, End of Year	<u>\$ 1,568,012</u>	<u>\$ 186,138</u>	<u>\$ 147,411</u>	<u>\$ 7,938</u>	<u>\$ 1,909,499</u>	<u>\$ 1,639,211</u>

**CITY OF EATON, OHIO**

D - 3

Enterprise Funds  
 Combining Statement of Cash Flows  
 Year Ended December 31, 2001  
 (with comparative totals for December 31, 2000)

	Water	Sewer & Sewer Disposal	Refuse	Parking Meter	Total Enterprise	
					2001	2000
<b>OPERATING ACTIVITIES:</b>						
Operating Income	\$ 116,293	\$ 111,954	\$ (38,286)	\$ 2,329	\$ 192,290	\$ 91,505
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation	73,933	222,992	9,124	-	306,049	300,693
Changes in Assets and Liabilities:						
(Increase) Decrease in Receivables	(3,600)	(3,018)	(4,410)	-	(11,028)	(14,605)
(Increase) Decrease in Due To/From	275	-	-	-	275	(220)
Increase (Decrease) in Accounts Payable	(10,672)	(3,472)	25,454	-	11,310	(28,907)
Increase (Decrease) in Accrued Liabilities	637	2,308	(2,091)	672	1,526	(17,500)
Net Cash Provided (Used) by Operating Activities	<u>176,866</u>	<u>330,764</u>	<u>(10,209)</u>	<u>3,001</u>	<u>500,422</u>	<u>330,966</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Principal Paid on Long-Term Liabilities	-	(172,053)	-	-	(172,053)	(156,811)
Interest Paid	-	(55,203)	-	-	(55,203)	(70,445)
Acquisition of Fixed Assets	<u>(98,406)</u>	<u>(4,567)</u>	<u>-</u>	<u>-</u>	<u>(102,973)</u>	<u>(50,653)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(98,406)</u>	<u>(231,823)</u>	<u>-</u>	<u>-</u>	<u>(330,229)</u>	<u>(277,909)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	78,460	98,941	(10,209)	3,001	170,193	53,057
Cash and Cash Equivalents, Beginning of Year	<u>612,715</u>	<u>196,714</u>	<u>82,682</u>	<u>8,322</u>	<u>900,433</u>	<u>847,376</u>
Cash and Cash Equivalents, End of Year	<u>\$ 691,175</u>	<u>\$ 295,655</u>	<u>\$ 72,473</u>	<u>\$ 11,323</u>	<u>\$ 1,070,626</u>	<u>\$ 900,433</u>
Reconciliation of cash and cash equivalents per combining balance sheet to cash and cash equivalents, end of year, per combining statement of cash flows:						
Cash and cash equivalents, per balance sheet	<u>\$ 691,175</u>	<u>\$ 295,655</u>	<u>\$ 72,473</u>	<u>\$ 11,323</u>	<u>\$ 1,070,626</u>	<u>\$ 900,433</u>
Cash and cash equivalents, end of year, per combining statement of cash flows	<u>\$ 691,175</u>	<u>\$ 295,655</u>	<u>\$ 72,473</u>	<u>\$ 11,323</u>	<u>\$ 1,070,626</u>	<u>\$ 900,433</u>

## TRUST AND AGENCY FUNDS

Nonexpendable Trust Fund (Francis Trust) – To account for the donation received from Richard E. Francis. The principal amount donated is to remain intact with the interest revenue to be used for the general care and maintenance of the Mound Hill Union Cemetery.

State Patrol Transfer Agency Fund – To account for receipts to be transferred to the County Law Library.

Municipal Court Agency Fund – To account for assets received and disbursed by the Municipal Court as agent or custodian relative to civil or criminal court matters.

**CITY OF EATON, OHIO**

E - 1

Fiduciary Funds

Combining Balance Sheet

December 31, 2001

(with comparative totals for December 31, 2000)

	Nonexpendable Trust Fund	Agency Funds		Totals	
		State Patrol Transfer	Municipal Court	2001	2000
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ -	\$ 65,775	\$ 262,381	\$ 328,156	\$ 297,974
Investments	10,000	-	-	10,000	10,000
Receivables (net of allowance for uncollectibles):					
Accrued Interest	174	-	-	174	144
Other	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	-	8,461	-	8,461	5,923
<b>Total Assets</b>	<b>\$ 10,174</b>	<b>\$ 74,236</b>	<b>\$ 262,381</b>	<b>\$ 346,791</b>	<b>\$ 314,041</b>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 174	\$ -	\$ 111,052	\$ 111,226	\$ 144
Due to Other Governments	-	74,236	70,391	144,627	67,271
Due to Other Funds	-	-	80,938	80,938	236,626
<b>Total Liabilities</b>	<b>174</b>	<b>74,236</b>	<b>262,381</b>	<b>336,791</b>	<b>304,041</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Nonexpendable Trust Funds	10,000	-	-	10,000	10,000
Unreserved:					
Undesignated	-	-	-	-	-
<b>Total Fund Balance</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,174</b>	<b>\$ 74,236</b>	<b>\$ 262,381</b>	<b>\$ 346,791</b>	<b>\$ 314,041</b>

**CITY OF EATON, OHIO**  
**Nonexpendable Trust Fund**  
**Comparative Statement of Revenues, Expenses and**  
**Changes in Fund Balance**  
**For the Year Ended December 31, 2001**  
**(with comparative totals for December 31, 2000)**

E - 2

	<u>2001</u>	<u>2000</u>
Operating Revenues:		
Interest Income	<u>\$ 694</u>	<u>\$ 583</u>
Total Operating Revenues	<u>694</u>	<u>583</u>
Operating Expenses:		
Personnel Services	<u>694</u>	<u>583</u>
Total Operating Expenses	<u>694</u>	<u>583</u>
Net Income	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>10,000</u>	<u>10,000</u>
Fund Balance, End of Year	<u>\$ 10,000</u>	<u>\$ 10,000</u>

**CITY OF EATON, OHIO**  
 Nonexpendable Trust Fund  
 Comparative Statement of Cash Flows  
 For the Year Ended December 31, 2001  
 (with comparative totals for December 31, 2000)

E - 3

	2001	2000
Operating Activities:		
Operating Income	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Investment Income Included in Operations	(694)	(583)
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(30)	(69)
Increase (Decrease) in Accrued Liabilities	30	69
Net Cash Provided (Used) by Operating Activities	(694)	(583)
Investing Activities:		
Interest Income	694	583
Net Cash Provided by Investing Activities	694	583
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	\$ -	\$ -
Reconciliation of Cash and Cash Equivalents per Combined Balance Sheet to Cash and Cash Equivalents, End of Year, per Statement of Cash Flows:		
Cash and Cash Equivalents, per Balance Sheet	\$ -	\$ -
Plus Investments, per Balance Sheet	10,000	10,000
Cash and Cash Equivalents, End of Year, per Statement of Cash Flows	\$ 10,000	\$ 10,000



**CITY OF EATON, OHIO**  
 Combining Statement of Changes in Assets  
 and Liabilities - All Agency Funds  
 For the Year Ended December 31, 2001

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	Balance 12/31/2000	Additions	Deductions	Balance 12/31/2001
<b><u>State Patrol Transfer Fund:</u></b>				
<b>Assets:</b>				
Equity in City Treasury Cash	\$ 94,752	\$ 75,023	\$ 104,000	\$ 65,775
Due from Other Funds	5,923	8,461	5,923	8,461
<b>Total Assets</b>	<b><u>\$ 100,675</u></b>	<b><u>\$ 83,484</u></b>	<b><u>\$ 109,923</u></b>	<b><u>\$ 74,236</u></b>
<b>Liabilities:</b>				
Due to Other Governments	\$ 100,675	\$ 83,484	\$ 109,923	\$ 74,236
<b>Total Liabilities</b>	<b><u>\$ 100,675</u></b>	<b><u>\$ 83,484</u></b>	<b><u>\$ 109,923</u></b>	<b><u>\$ 74,236</u></b>
<b><u>Municipal Court:</u></b>				
<b>Assets:</b>				
Equity in City Treasury Cash	\$ 203,222	\$ 59,159	\$ -	\$ 262,381
<b>Total Assets</b>	<b><u>\$ 203,222</u></b>	<b><u>\$ 59,159</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 262,381</u></b>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 111,052	\$ -	\$ 111,052
Due to Other Governments	135,931	(65,540)	-	70,391
Due to Other Funds	67,291	13,647	-	80,938
<b>Total Liabilities</b>	<b><u>\$ 203,222</u></b>	<b><u>\$ 59,159</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 262,381</u></b>
<b><u>Total Agency Funds:</u></b>				
<b>Assets:</b>				
Equity in City Treasury Cash	\$ 297,974	\$ 134,182	\$ 104,000	\$ 328,156
Due to Other Funds	5,923	8,461	5,923	8,461
<b>Total Assets</b>	<b><u>\$ 303,897</u></b>	<b><u>\$ 142,643</u></b>	<b><u>\$ 109,923</u></b>	<b><u>\$ 336,617</u></b>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 111,052	\$ -	\$ 111,052
Due to Other Governments	236,606	17,944	109,923	144,627
Due to Other Funds	67,291	13,647	-	80,938
<b>Total Liabilities</b>	<b><u>\$ 303,897</u></b>	<b><u>\$ 142,643</u></b>	<b><u>\$ 109,923</u></b>	<b><u>\$ 336,617</u></b>

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**GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group accounts for all general fixed assets of the City.

**CITY OF EATON, OHIO**  
Schedule of General Fixed Assets - by Source  
December 31, 2001

F - 1

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General fixed assets:	
Land	\$ 616,086
Buildings	2,424,375
Equipment	<u>3,723,404</u>
Total general fixed assets	6,763,865
Less accumulated depreciation	<u>2,962,914</u>
Net general fixed assets	\$ <u>3,800,951</u>
Investment in general fixed assets by source:	
General Fund revenue	\$ 3,280,622
Special Revenue Funds revenue	631,355
Capital Project Funds revenue	2,565,311
Donated assets	<u>286,577</u>
Total investment in general fixed assets	6,763,865
Less accumulated depreciation	<u>2,962,914</u>
Net investment in general fixed assets	\$ <u>3,800,951</u>

**CITY OF EATON, OHIO**  
Schedule of General Fixed Assets  
by Function and Activity  
December 31, 2001

F - 2

Function and Activity	Land	Buildings	Equipment	Total
<b>Public Safety:</b>				
Law enforcement	\$ -	\$ 201,137	\$ 553,138	\$ 754,275
Fire protection	23,720	2,225	1,394,343	1,420,288
Emergency medical service	<u>77,000</u>	<u>379,317</u>	<u>213,518</u>	<u>669,835</u>
Total public safety	<u>100,720</u>	<u>582,679</u>	<u>2,160,999</u>	<u>2,844,398</u>
<b>Culture and recreation:</b>				
Parks and recreation	<u>297,605</u>	<u>515,699</u>	<u>134,761</u>	<u>948,065</u>
Total culture and recreation	<u>297,605</u>	<u>515,699</u>	<u>134,761</u>	<u>948,065</u>
<b>Transportation:</b>				
Street maintenance	<u>44,460</u>	<u>201,605</u>	<u>1,082,982</u>	<u>1,329,047</u>
Total transportation	<u>44,460</u>	<u>201,605</u>	<u>1,082,982</u>	<u>1,329,047</u>
<b>General government:</b>				
City building	24,704	1,123,840	-	1,148,544
Municipal Court	-	-	167,109	167,109
General operations, Finance and administration	<u>148,597</u>	<u>552</u>	<u>177,553</u>	<u>326,702</u>
Total general government	<u>173,301</u>	<u>1,124,392</u>	<u>344,662</u>	<u>1,642,355</u>
Total general fixed assets	<u>\$ 616,086</u>	<u>\$ 2,424,375</u>	<u>\$ 3,723,404</u>	<u>\$ 6,763,865</u>

**CITY OF EATON, OHIO**  
Schedule of Changes in General Fixed Assets  
by Function and Activity  
For the Year Ended December 31, 2001

F - 3

Function and Activity	Balance 12/31/00	Additions	Deductions	Balance 12/31/01
<b>Public Safety:</b>				
Law enforcement	\$ 678,325	\$ 143,404	\$ 67,454	\$ 754,275
Fire protection	1,386,012	38,535	4,259	1,420,288
Emergency medical service	698,213	1,365	29,743	669,835
Total public safety	<u>2,762,550</u>	<u>183,304</u>	<u>101,456</u>	<u>2,844,398</u>
<b>Culture and recreation:</b>				
Parks and recreation	936,558	13,054	1,547	948,065
Total culture and recreation	<u>936,558</u>	<u>13,054</u>	<u>1,547</u>	<u>948,065</u>
<b>Transportation:</b>				
Street maintenance	1,230,355	174,566	75,874	1,329,047
Total transportation	<u>1,230,355</u>	<u>174,566</u>	<u>75,874</u>	<u>1,329,047</u>
<b>General government:</b>				
City building	1,148,544	-	-	1,148,544
Municipal Court	181,781	6,470	21,142	167,109
General operations, finance and administration	238,882	118,381	30,561	326,702
Total general government	<u>1,569,207</u>	<u>124,851</u>	<u>51,703</u>	<u>1,642,355</u>
Total general fixed assets	<u>\$ 6,498,670</u>	<u>\$ 495,775</u>	<u>\$ 230,580</u>	<u>\$ 6,763,865</u>

## **STATISTICAL SECTION**

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

**CITY OF EATON, OHIO**

General Fund Revenue by Source  
Last Ten Fiscal Years

Year	Taxes (A)	Intergovernmental Revenues	Charges for Services	Licenses and Permits	Investment Income	Fees, Fines and Forfeitures	Other Revenue	Total
1992	\$ 1,641,311	\$ 74,199	\$ 18,081	\$ 64,395	\$ 25,746	\$ 260,209	\$ 45,688	\$ 2,129,629
1993	1,778,996	85,594	20,113	108,517	22,487	322,663	58,976	2,397,346
1994	2,063,875	107,978	19,676	118,456	33,823	409,225	49,638	2,802,671
1995	2,023,386	124,051	23,096	119,799	82,713	497,186	87,617	2,957,848
1996	2,255,916	126,882	27,531	109,267	125,102	471,601	67,524	3,183,823
1997	2,424,493	139,763	45,413	126,743	179,938	483,229	106,939	3,506,518
1998	2,633,406	145,578	31,208	113,770	215,827	512,071	59,954	3,711,814
1999	2,839,679	153,018	30,262	127,092	166,098	555,404	13,577	3,885,130
2000	2,993,588	159,067	2,845	113,911	214,542	574,463	17,830	4,076,246
2001	2,879,400	187,458	37,648	137,987	153,446	617,928	39,796	4,053,663

Source: City of Eaton, Finance Department

(A) Includes property, income, state-levied and shared and other local taxes.



TABLE 2

**CITY OF EATON, OHIO**  
 General Fund Expenditures By Function  
 Last Ten Fiscal Years

Year	General Government	Public Safety	Public Health	Transportation	Community Development	Capital Outlay	Total
1992	\$ 728,096	\$ 980,873	\$ 17,835	\$ 96,167	\$ 63,809	\$ -	\$ 1,886,780
1993	738,867	1,059,070	18,113	96,539	80,378	-	1,992,967
1994	817,296	1,161,519	18,353	100,576	82,047	-	2,179,791
1995	748,575	1,269,095	18,113	123,964	98,901	-	2,258,648
1996	861,931	1,380,869	18,113	128,477	100,740	-	2,490,130
1997	819,741	1,441,443	18,113	134,383	100,229	-	2,513,909
1998	916,950	1,522,883	18,113	154,099	108,105	-	2,720,150
1999	1,202,281	1,581,410	18,113	152,040	112,582	-	3,066,426
2000	1,266,508	1,748,473	29,202	177,100	134,127	202,196	3,557,606
2001	1,387,441	1,767,387	29,202	231,132	144,542	251,868	3,811,572

Source: City of Eaton, Finance Department

TABLE 3

**CITY OF EATON, OHIO**  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Tax Year/ Collection Year	Real Property		Personal Property Assessed Value (B)	Public Utilities Assessed Value	Total Assessed Value
	Assessed Value	Estimated Actual Value (A)			
1991/1992	\$ 58,543,080	\$ 167,265,943	\$ 13,364,470	\$ 5,787,720	\$ 77,695,270
1992/1993	68,250,910	195,002,600	29,850,890	5,956,490	104,058,290
1993/1994	70,441,150	201,260,429	31,082,780	6,028,510	107,552,440
1994/1995	72,523,590	207,210,257	34,051,380	5,873,980	112,448,950
1995/1996	82,337,270	235,249,342	37,300,100	5,855,660	125,493,030
1996/1997	84,294,240	240,840,690	37,365,190	6,670,130	128,329,560
1997/1998	87,644,520	250,412,914	34,260,320	7,357,480	129,262,320
1998/1999	105,034,610	300,098,886	33,574,060	7,383,280	145,991,950
1999/2000	109,053,270	311,580,771	38,612,260	7,446,000	155,111,530
2000/2001	110,980,570	317,087,343	41,584,980	5,215,340	157,780,890

Source: Preble County Auditor  
 (A) Estimated actual value based on assessment level of 35 percent.  
 (B) Beginning in 1992/1993 personal property assessed values include late and extended filers.

TABLE 4

**CITY OF EATON, OHIO**  
 Property Tax Rates - Direct and Overlapping Governments  
 Per \$1,000 of Assessed Valuation  
 Last Ten Fiscal Years

Tax Year/ Collection Year	General Fund (A)	Pension		Eaton		Preble County	Total
		Trust Funds	Total	School District	County		
1991/1992	4.00	0.60	4.60	37.38	7.97	49.95	
1992/1993	4.00	0.60	4.60	36.88	7.97	49.45	
1993/1994	4.00	0.60	4.60	37.48	7.97	50.05	
1994/1995	4.00	0.60	4.60	36.98	7.97	49.55	
1995/1996	4.00	0.60	4.60	36.48	7.97	49.05	
1996/1997	4.00	0.60	4.60	35.98	7.67	48.25	
1997/1998	4.00	0.60	4.60	35.78	8.67	49.05	
1998/1999	4.00	0.60	4.60	35.78	8.67	49.05	
1999/2000	4.00	0.60	4.60	35.78	8.07	48.45	
2000/2001	4.00	0.60	4.60	33.10	8.07	45.77	

Source: Preble County Auditor

(A) Includes general voted monies used for maintenance on cemetery and fire equipment.

TABLE 5

**CITY OF EATON, OHIO**  
 Property Tax Levies and Collection  
 Real and Public Utility  
 Last Ten Fiscal Years

Tax Year/ Collection Year	Current Levy	Current Collections	Percent of Current Levy Collected	Collection Including Deficiencies	Total Collections As Percent Of Current Levy	Accumulated Delinquency
1991/1992	\$ 203,632	\$ 193,690	95.12%	\$ 206,230	101.28%	\$ 14,157
1992/1993	295,223	230,635	78.12%	239,480	81.12%	18,121
1993/1994	254,839	246,932	96.90%	254,873	100.01%	18,122
1994/1995	261,600	254,025	97.10%	263,691	100.80%	16,642
1995/1996	235,399	228,099	96.90%	237,489	100.89%	16,117
1996/1997	366,406	336,553	91.85%	349,218	95.31%	33,305
1997/1998	301,640	294,261	97.55%	302,481	100.28%	32,504
1998/1999	316,110	304,830	96.43%	313,810	99.27%	34,804
1999/2000	360,950	352,140	97.56%	364,755	101.05%	30,988
2000/2001	375,462	365,291	97.29%	374,930	99.86%	31,520

Source: Preble County Auditor

**CITY OF EATON, OHIO**  
**Special Assessment Collections**  
**Last Ten Fiscal Years**

TABLE 6

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Total Collections Including Delinquencies</u>	<u>Total Collections As Percent of Current Assessments</u>	<u>Cumulative Delinquency</u>
1991/1992	\$ 13,028	\$ 10,458	80.27%	\$ 36,176
1992/1993	14,266	15,892	111.40%	36,870
1993/1994	14,070	13,287	94.43%	39,134
1994/1995	25,005	26,947	107.77%	42,316
1995/1996	22,244	24,071	108.21%	45,753
1996/1997	23,304	24,609	105.60%	44,448
1997/1998	23,386	29,017	124.08%	38,817
1998/1999	20,490	26,525	129.45%	32,782
1999/2000	2,470	5,248	212.47%	30,004
2000/2001	50,367	48,878	97.04%	31,493

Source: Preble County Auditor

**CITY OF EATON**  
 Computation of Legal Debt Margin  
 December 31, 2001

TABLE 7

---

Total assessed valuation		\$ <u>157,780,890</u>
Overall debt limitation 10 1/2% of assessed valuation		16,566,993
Gross indebtedness	\$ 1,089,631	
Less: Debt outside limitations	<u>1,089,631</u>	
Debt within 10 1/2% limitation	-	
Less: Bond Retirement Fund balance	<u>-</u>	
Net debt within 10 1/2% limitation		<u>-</u>
Legal debt margin within 10 1/2% limitation		<u>\$ 16,566,993</u>
Unvoted debt limitation 5 1/2% of assessed valuation		\$ 8,677,949
Gross indebtedness authorized by Council	1,089,631	
Less: Debt outside limitations	<u>1,089,631</u>	
Debt within 5 1/2% limitation	-	
Less: Bond Retirement Fund balance	<u>-</u>	
Net debt within 5 1/2% limitation		<u>-</u>
Legal debt margin within 5 1/2% limitation		<u>\$ 8,677,949</u>

Source: City of Eaton, Finance Department

**CITY OF EATON**

TABLE 8

Computation of Direct and Overlapping Debt  
December 31, 2001

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	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Eaton</u>	<u>Amount Applicable to City of Eaton</u>
City of Eaton	\$ 1,089,631	100.0%	\$1,089,631
Preble County	\$ 7,907,154	0.0%	\$ -

Source: City of Eaton, Finance Department and Preble County Auditor

TABLE 9

**CITY OF EATON, OHIO**

Ratio of Net General Bonded Debt to Assessed  
Valuation and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Year	Population (A)	Assessed Value (B)	Less Balance		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			General Bonded Debt	In Debt Service Fund		
1992	7,396	\$77,695,270	\$ 142,000	\$ 11,062	0.17%	18
1993	7,396	104,058,290	94,000	9,875	0.08	11
1994	7,396	107,552,440	45,000	11,716	0.03	5
1995	7,396	112,448,950	-	-	-	-
1996	7,396	125,493,030	-	-	-	-
1997	7,396	128,329,560	-	-	-	-
1998	7,396	129,262,320	-	-	-	-
1999	7,396	145,991,950	-	-	-	-
2000	8,133	155,111,530	-	-	-	-
2001	8,133	157,780,890	-	-	-	-

(A) Source: 2000 Federal Census

(B) Source: Preble County Auditor



TABLE 10

**CITY OF EATON, OHIO**  
 Ratio of Annual Debt Service Expenditures for  
 General Bonded Debt to Total General Fund Expenditures (A)  
 Last Ten Fiscal Years

Year	Principal	Interest (B)	Total		General Fund Expenditures (C)	Ratio of Debt Service to General Fund Expenditures
			Debt Service	Debt Service		
1992	\$ 113,000	\$ 16,288	\$ 129,288	\$ 1,886,780		6.85%
1993	48,000	9,391	57,391	2,179,399		2.63%
1994	49,000	6,191	55,191	2,356,478		2.34%
1995	45,000	2,981	47,981	2,593,051		1.85%
1996	-	-	-	2,907,679		0.00%
1997	-	-	-	2,977,448		0.00%
1998	-	-	-	3,659,286		0.00%
1999	-	-	-	3,680,800		0.00%
2000	-	-	-	3,557,606		0.00%
2001	-	-	-	3,811,572		0.00%

Source: City of Eaton, Finance Department

- (A) General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.  
 (B) Excludes bond issuance and other costs.  
 (C) General Fund Expenditures include both current and capital outlay expenditures.

**CITY OF EATON**  
Demographic Statistics  
December 31, 2001

TABLE 11

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population	6,070	6,839	7,396	8,133
Per capita income	\$ 3,340	\$ 6,843	\$ 11,112	\$ 16,771
Number of dwelling units	2,193	2,840	2,920	3,274
Persons per household	2.76	2.48	2.45	2.37
Median age	34.80	32.40	33.40	38.10
Percentage owner-occupied dwelling units	67%	64%	69%	67.3%
Median family income	8,246	17,905	28,773	42,241
Family income distribution:				
\$0 - 9,999	816	876	174	91
\$10,000 - 14,999	555	482	177	122
\$15,000 - 24,999	268	723	453	204
\$25,000 and over	<u>51</u>	<u>612</u>	<u>1,228</u>	<u>1,729</u>
Total families	<u>1,690</u>	<u>2,693</u>	<u>2,032</u>	<u>2,146</u>
Education distribution/grades years completed:				
0 - 8	1,001	699	465	335
9 - 11	609	690	781	775
12	1,340	1,979	2,432	2,533
13 - 15	319	484	859	1,211
16 or more	291	385	323	559
High school graduates	1,950	2,848	3,614	4,303

Source: 2000 Federal Census

**CITY OF EATON, OHIO**  
**Employment Distribution by Industry**  
**December 31, 2001**

TABLE 12

Resident's Employment Distribution by Industry	(a) Number Employed	Percent of Total
Agriculture, forestry, fishing and hunting, and mining	30	0.81
Construction	196	5.30
Manufacturing	1,295	35.03
Wholesale trade	149	4.03
Retail trade	398	10.77
Transportation and warehousing, and utilities	144	3.90
Information	49	1.33
Finance, insurance, real estate, and rental and leasing	111	3.00
Professional, scientific, management, administration, and waster management services	207	5.60
Educational, health and social services	586	15.85
Arts, entertainment, recreation, accommodation and food services	273	7.38
Other services	75	2.03
Public administration	<u>184</u>	<u>4.98</u>
Total employment	<u>3,697</u>	<u>100.00</u>

Source: 2000 Federal Census

**CITY OF EATON, OHIO**  
 Property Value, New Construction and Bank Deposits  
 Last Ten Fiscal Years

Year	Commercial/ Industrial Construction (A)	Residential Construction (A)	Preble County Bank Deposits (In Thousands) (B)	Total Assessed Value (A)	
				Commercial	Residential
1992	\$ 1,658,540	\$ 479,520	\$ 259,286	\$ 11,972,680	\$ 39,506,310
1993	319,780	714,480	272,461	14,345,980	46,500,300
1994	1,053,160	930,970	275,610	15,703,330	47,056,480
1995	1,065,150	891,980	286,901	16,263,300	48,172,660
1996	1,002,930	1,006,630	127,809	16,546,090	56,997,850
1997	1,002,720	1,201,730	138,869	25,687,170	58,249,620
1998	1,215,440	1,491,010	144,073	27,144,510	60,134,440
1999	346,110	1,392,690	(C)	33,153,990	71,431,850
2000	1,677,520	1,678,510	166,193	34,845,800	73,792,310
2001	564,000	1,134,950	171,949	35,508,050	75,101,760

(A) Source: Preble County Auditor

(B) Federal Reserve Bank of Cleveland (total demand, time, and savings deposits) for Preble County, Ohio Banks

(C) Information not available

**CITY OF EATON, OHIO**

Principal Taxpayers

December 31, 2001

TABLE 14

Taxpayer	Type of Business	Real Property 2001 Assessed Valuation (A)	Percentage of Total Assessed Valuation
Neaton Auto Products	Manufacturing	\$ 11,744,130	7.44%
Parker Appliance Company	Manufacturing	9,506,643	6.03%
Henny Penny Corporation	Manufacturing	6,711,030	4.25%
Maxxim Medical	Health Care	4,675,140	2.96%
Bullen Ultrasonics/Eaton 122 Ltd.	Manufacturing	3,925,870	2.49%
Dayton Power and Light	Public Utility	3,603,780	2.28%
Durbin-Eaton Properties, LLC/Kroger's	Retail	2,528,380	1.60%
Continental 51 Fund	Real Estate	2,183,480	1.38%
Miami Valley Psychologists	Health Care	1,154,940	0.73%
United Telephone Company of Ohio	Public Utility	1,088,910	0.69%
Total		\$ 47,122,303	29.87%
Total assessed valuation of city		\$ 157,780,890	

A. Property assessed at 35 percent of fair market value.

**CITY OF EATON, OHIO**

TABLE 15

Other Statistics  
December 31, 2001

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Date of incorporation	January 31, 1836
Form of government	Council/Manager
Area	3,820 square acres
Miles of streets	41
Number of street lights	545
Fire protection and emergency rescue:	
Number of stations	2
Number of firemen and EMS personnel (volunteer)	53
Police protection:	
Number of stations	1
Number of policemen and officers	13
Municipal water department:	
Number of consumers	3,336
Average daily consumption	861,460 gallons
Miles of water mains	55
Sewers:	
Miles of storm sewers	18
Miles of sanitary sewers	41
Buildings:	
2001 permits issued	107
2001 valuation of construction	\$7,726,985
Parks and recreation:	
Number of parks	4
Number of tennis courts	3
Number of baseball diamonds	5
Number of swimming pools	1
Employees:	
Classified service	54
Exempt	12

Source: City of Eaton, Ohio



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**CITY OF EATON**

**PREBLE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 23, 2002**